# TABLE OF CONTENTS

# Lloyds Bank Limited Monthly Review

New Series—Vol. 8 APRIL, 1937 No. 86

****The Bank publishes from time to time in this* MONTHLY REVIEW *signed articles by exponents of different theories on questions of public interest. The Bank is not necessarily in agreement with the views expressed in these articles.*

## The Economic and Financial Position in France.

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THE economic and financial position of France is at present very complicated. It is influenced by various factors, some being exceptional, and it is by no means easy to isolate or define the respective effects of each of them.

The principal factors are (1) the social and economic measures that followed upon the advent to power of the Blum Cabinet, and they may be grouped under the heading of a "French New Deal"; (2) the devaluation of 30 per cent. which the franc underwent on the 1st October, 1936; (3) the world economic recovery with the rise in world prices; and (4) rearmament.

These four factors have, in the aggregate, drastically influenced the development of business, sometimes in the same and sometimes in opposite directions. And embossed upon the whole we have had psychological reactions, which are always of special importance in France, emanating from the same factors and tending in a vicious circle to accentuate material phenomena.

All this makes the present economic conjuncture in France alike very interesting and very hard to appraise. It would be a cardinal mistake to seek to judge the position with preconceived ideas, with any mental reservation either in favour

of condemnation or approval of the economic and monetary experiment which has been made. Up to now we have indeed nothing but provisional results to go upon. Some of them seem to be favourable, while others are disappointing. It will be my task to indicate both objectively, and to define, so far as may be, their real inwardness. From the general picture we shall thus obtain, and likewise from comparison with the events of recent years in Great Britain, certain conclusions will emerge for our future guidance.

Whenever we engage upon any examination of currency problems the movement of prices assumes primary importance. I accordingly propose to start with an analysis of this movement.

At the end of February, 1937, the *unweighted** index of wholesale prices, as furnished by the *Statistique Générale de France*—an index calculated in French currency on the basis of 100 in July, 1914—stood at 517. In July, 1935, it had fallen to its lowest post-war level, 334. Thus the rise in eighteen months has been not less than 55 per cent. And if we turn to the *weighted** index (based on the wholesale prices of 126 articles) which has increased in the same period from 322 to 532, the rise is still more marked, since it reaches 66 per cent.

The principal movements of the *weighted* index are the following: starting from 322 in July, 1935, it reached 374 in

* The difference between an "unweighted" and "weighted" price-index number may be illustrated very simply as follows: assume that the index number is calculated from three commodities alone—wheat, steel and cocoa—and assume that wheat has risen in price since the base-year by 20 per cent., steel by 10 per cent. and cocoa by 40 per cent. Then the unweighted index number is

$$\frac{120+110+140}{3}=\frac{370}{3}=123\cdot 3,$$

indicating an average rise in prices of 23·3 per cent.

Now recognise that steel and wheat are of far greater importance than cocoa. Give wheat an "importance" of 4, steel one of 6, and cocoa one of only 1. These figures are known as weights, and the weighted index number is calculated as follows:—

$$\frac{(120\times 4)+(110\times 6)+(140\times 1)}{4+6+1}=\frac{480+660+140}{4+6+1}=\frac{1280}{11}=116\cdot 4,$$

indicating an average rise in prices of 16·4 per cent.

The discrepancy with the unweighted average arises from the fact that in the example cocoa, the least important commodity, had risen the most in price.

The weight assigned to each commodity is, for the French weighted index number, roughly proportionate to the value produced or consumed in France in the base-year, 1913.—*Editor*, Lloyds Bank Monthly Review.

May, 1936, that is to say on the eve of the advent to power of the *Front Populaire;* then, in September, 1936, the month prior to devaluation of the franc, it rose to 420, and five months later to 532.

In the first period, from July, 1935, to May, 1936, the operative cause of the rise was the increased value of agricultural products, induced alike by various legislative enactments and more scanty harvests. In the succeeding four months it was mainly new social legislation and increases in wages which hastened the rise in prices, owing to markedly higher costs of production which were clearly the inevitable result of such legislation. Finally, in the period from October, 1936, to February, 1937, devaluation was the chief factor which came into play, although certain social measures, more particularly the rapid extension of the 40-hour week, tended in the same direction. It was, however, during the last quarter of 1936, in the period immediately after devaluation, that the rise in wholesale prices was most marked and rapid.

The progression in the *unweighted* index, which rose, as I have said, 55 per cent. since July, 1935, affords one very striking feature: this index is based upon the price of 29 French and 16 imported products. Both categories have risen in almost identical proportions.

A further point to note is that the *gold* index of wholesale prices in February, 1937, shows that they are higher than they were in July, 1935, and, despite the devaluation of 30 per cent. which the franc has undergone, the *unweighted* gold index has risen during the same period from 68 to 74, and the *weighted* index from 65 to 76.

Now let us turn to the progression of retail prices. The most complete index available for this category of prices is a *weighted* price index relating to 34 articles of household consumption. It rose from 420 in August, 1935, to 494 in September, 1936, and again to 577 in February, 1937. This corresponds to a total increase of 37 per cent., and to an increase of about 17 per cent. since the date of devaluation.

In my judgment the point most deserving of attention is the equal advance, from July, 1935, to January, 1937, in wholesale prices of national and of imported articles. In normal circumstances, during a period wherein a drastic monetary devaluation has intervened, foreign products should have risen in value far more than internal products. If such a develop-

ment does not take place it shows beyond question that other influences have been at work to bring about a rise in the cost of internal products—influences such as those I have just mentioned—and the only effect of our devaluation has been to allow the costs of imported goods to obtain the relative advantage which French products had enjoyed since the middle of 1935.

This explains how it came about that very soon after devaluation the index of gold prices of wholesale goods equalled, and then passed, the corresponding figures which had been recorded eighteen months earlier. And it also explains why, despite devaluation and the rise in world prices, the level of wholesale prices in France did not, after July, 1935, markedly fall, in comparison with world prices. In the period in question the French gold *unweighted* index was 68, the Board of Trade index of prices in Great Britain was 64, and the United States index calculated by the Bureau of Labour was 67. In January, 1937, the respective figures were 73, 73 and 72. It will be observed that the difference, especially in regard to the United States, is very slight, and that we have almost reverted, in so far as concerns the relation of French to international wholesale prices, to the position which obtained in the middle of 1935.

Perhaps it will be recalled that at that time many economists and financiers, both French and English, expressed the view that an " adjustment " of French currency was requisite so as to lower the level of French gold prices in relation to the general level of international prices. The adjustment of French currency which was then advocated was in fact realised last autumn, but an adjustment of prices has not taken place. Naturally the chief cause is to be sought in the fact that the rise in agricultural products, coupled with our new social measures, had brought about a prior rise in internal prices almost equal to any temporary reduction such as might otherwise have followed upon the devaluation of 30 per cent. in French currency.

The rise in retail prices is slower than it is in wholesale prices. Nevertheless, it is beginning to be more rapid than had been anticipated. Many advocates of devaluation had fondly hoped that retail prices would remain more or less stable and that only wholesale prices would rise, and that moderately. Now, however, these illusions have been dissipated, for it is

incontestable that retail prices and cost-of-living figures in general follow more or less rapidly in the wake of wholesale prices; the delay in the movement of retail prices is a reliable and more or less constant phenomenon, and the "lag" which has taken place in the present instance is not appreciably different from that which arose when large price fluctuations were caused by earlier monetary troubles.

From the social aspect the sharp rise in prices which has characterised recent months evidently has serious disadvantages. Workmen have lost the major part, if not the whole, of the extra purchasing power they had obtained from the increase in wages that followed on the strikes of June, 1936. Officials, notwithstanding the restoration of cuts in their salaries, are in a worse position than when economies were enforced at their expense. But the principal victims of the change are those who live on fixed, or almost fixed, incomes, that is to say, the middle classes, who have always been considered the social backbone of France.

As for any equilibrium between internal and external prices, in other words, a stable relation between French and international economic conditions, the rise in prices is frankly regarded as a scourge by those pundits who hoped to improve the comparative position of France by sacrificing the currency. On the other hand, the general increase in prices has assuredly not been without influence upon the economic recovery which followed devaluation, and I shall rapidly indicate the main symptoms of this recovery.

In the first place, unemployment is markedly diminishing. From the end of November, 1936, the number of wholly unemployed officially returned began to fall by comparison with the previous year. Towards the middle of March the number was little more than 400,000, that is to say, 80,000, or 17 per cent. less than at the same date in 1936.

We must not lose sight of the fact that the fall has been more or less caused by the application of the 40-hour week, the increase in duration of military service, work in connection with the Paris Exhibition, and rearmament. Nevertheless, the improvement on the year is very appreciable; besides, the seasonal increase in unemployment was very slight this winter, and that is also a reassuring feature.

Another encouraging development is that receipts and traffic returns on the railways are rising to an extent which is not negligible. From October, 1936, onwards, the figures of the previous year were regularly exceeded. During the first nine weeks of 1937 the total receipts of the main railway systems increased by 154 million francs, or about 10 per cent., above those of 1936 for the same period. Goods traffic and wagon loads increased by over 4·68 per cent.

The general returns of production in France have only moderately risen, since in December, 1936, production stood at 100·5 as against 96 in December, 1935, and an average of 94 throughout 1935. The rise has been more marked in the United States and in Great Britain, although in the period under review no currency manipulation had taken place in those countries. The difference may be explained by the fact that industrial recovery in France has been relatively fragmentary, and one important section, the building industry, has remained very depressed. Besides, the reduction in hours of work obviously puts a drag on productive activity.

In order to estimate the real extent of recovery one should, in addition to statistics, take into account such personal observations as each individual can make—for instance, the real animation which, after devaluation, appeared in a large number of retail shops. Here, beyond question, devaluation effected an important change, whereof we may see the traces in tax returns. In December, 1936, by comparison with November, 1935, there was an improvement of 223 million francs or 10 per cent. in the total yield of indirect taxes, in January the improvement as against twelve months earlier, was 232 million francs, or 9 per cent., and in February 354 million francs, or nearly 19 per cent. In the tax on business turnover, which affords a particularly valuable criterion, the increase was over 13 per cent. in December, 16 per cent. in January and 18 per cent. in February. Admittedly this increase is largely due to the rise in prices, since the tax is an *ad valorem* one. Although these are favourable signs, the improvement is not of itself adequate to ensure any balancing of the ordinary Budget.

I must now pause to examine the results of foreign trade, since the influence of devaluation upon these results deserves special attention.

If comparison be made of the period October, 1936, to February, 1937, that is to say, the five months immediately

following devaluation, with the corresponding period of 1935-36, we shall note (1) that imports rose from 9,542 to 14,968 million francs and exports from 6,500 to 8,285 million francs; (2) that the *quantity* of imports rose from about 19,000,000 tons to 23,000,000 tons, whilst the aggregate quantity of exports remained almost stationary; (3) that the value of imports exceeded that of exports by 6,683 million francs from October, 1936, to February, 1937, whereas from October, 1935, to February, 1936, the excess was only 3,024 million francs.

These figures are very eloquent. In the first place they indicate that the increase of 57 per cent. in the value of imports reflects to a large extent the diminution in the value of the franc. But they also show that the increase is due to the larger quantities imported—namely, to the extent of about 21 per cent. The increase is mainly accounted for by raw materials. Thus we are faced with an active re-stocking of raw materials by French industry. This partly arises from exhaustion of stocks, but also from apprehensions as to a further and marked rise in the price level and from a slowing down, due to the 40-hours week, in certain internal manufactures. The rate of re-stocking has gone on *accelerando* since October last.

Secondly, since the value of exports has risen 27 per cent., whilst the quantities have not changed—indeed the quantity of manufactured articles exported has somewhat diminished—we may conclude that the improvement in exports is solely due to the rise in the price level. Probably the rapid nature of this rise is the reason why the quantity of exports has not increased.

Finally, owing to the continued absence of any kind of parallelism between exports and imports, the excess of the latter has recently attained more than twice the figure of that which prevailed a year ago. If we take the month of January, 1937, alone, the excess of imports over exports was 1,500 million francs, as against an average monthly excess of 450 million francs in 1935.

It would, of course, be unwise to exaggerate the seriousness of an excess of imports which cannot but be temporary. Nevertheless, it is clear that in a period when the general movement of capital is unfavourable, a balance of trade which is growing worse has inevitably exercised a depressing influence upon French exchange and consequently has adversely affected the gold reserves of the country.

Now the tendency of our foreign trade since devaluation illuminates, so it seems to me, the internal economic evolution, and enables us to diagnose its principal characteristic. Just as purchases from abroad by French industry have increased owing to fears of a further rise in prices, so likewise, in the country itself, not only commerce and industry but consumers also seem to have a similar aim and fear : to lay up supplies in anticipation of further rises in the price level.

Devaluation has produced a sort of psychological shock. So long as the currency had not been tampered with there were but slight fears of a rise in prices. Apart from certain industries, such for instance as the textile trades, the purchasing fever did not manifest itself until after devaluation. Until then economic activity continued to languish, and hence one can conclude that the efforts of the Government to stimulate business by increasing the purchasing power of the masses had not met with success. An amputation of the currency was needed to give a jerk to the indifference of the consumer.

The real question now is to determine whether or not this psychological shock was the starting handle which set the motor going ; in other words, whether the monetary impulse given to the economic structure was adequate to secure on an enduring basis the greater circulation of goods, or whether the impetus is going to peter out when once adequate supplies have been laid in. The final judge will be the public. The present recovery will prove durable if the public consumes more ; it will prove to be merely a flash in the pan if the public maintains an attitude of reserve. It would be rash to prophesy. Assuredly the world recovery must be deemed a favourable sign ; but internal political and financial conditions and the ultimate trend of prices also will play a rôle in France, and it is not yet possible to foretell if it will be stimulating or restraining.

As we have just seen, in the economic sphere France has somewhat benefited since devaluation from an improvement which is perhaps not yet quite decisive. It is not yet possible to affirm that it will be durable, but none the less it is indisputable. In the financial sphere the situation has, until recently, been less clear.

In the issue of Lloyds Bank Review of July, 1936, I explained that the outstanding need and preoccupation of

the French Government then was to bring about a massive return of capital which had left the country. There were two compelling reasons for this, and they still persist.

The first lies in the needs of the Treasury. It is common knowledge that, from the moment of its arrival in power, the Government of the *Front Populaire* threw overboard the policy of economies and reduction in public expenditure which preceding Governments had pursued. It launched a policy of increased expenditure which squared with its social conceptions, inspired as they specially were by the theory labelled "increased purchasing power." It goes without saying that exceptional military expenditure, imposed by the international situation, contributed also to swell the needs of fresh capital. Thus in pursuit of social policy and military needs it was given out early in the year that the Treasury would be compelled, during 1937, to obtain either directly or indirectly, by loan, 36,000 million francs. This figure is mainly composed of the deficit on the Ordinary Budget (which is officially admitted at nearly 7,000 million francs if the Pensions Fund is included), the deficit of 16,000 million francs on the Extraordinary Budget which is to be *wholly* covered by borrowing, the deficit of the railways and the vast repayments due on account of medium-term loans.

The total amount which it was thus estimated as necessary to borrow considerably exceeded the corresponding amounts which the Treasury had to obtain during each of the two previous financial years. Now it was not very easy to procure even these lesser sums; in 1936 especially, no less than 22,000 out of 27,000 millions were secured from the Bank of France, either in the shape of direct or indirect loans to the Treasury, or as the result of the profit accruing from the revaluation of the Bank's gold reserve at the time of devaluation.

Clearly it would have been far preferable for the Treasury to supply its needs by regular and normal borrowing. Last year the reason why this could not be done was that during the first three quarters of 1936 the movement of capital was almost uniformly unfavourable to France, and that adverse movement was not definitely reversed by devaluation, as had been the case in most other countries which had devalued. There were some favourable changes in October, but since the beginning of November until the beginning of March exchange rates showed an almost invariable tendency in the direction of a flight of

capital, and this has been aggravated seriously by the adverse trade balance of the country, which is still on the up-grade.

In 1937 a steady return of capital from abroad appears the more necessary inasmuch as the needs of the Treasury are higher, and it would be impossible without serious drawbacks to continue indefinitely borrowing from the Bank of France, in other words by expansion of currency and credit.

The second reason which must impel the responsible authorities to neglect nothing to attract to France exported or new funds is of a monetary character. The flight of capital means an outflow of gold or a weakening of the exchange rate. A sustained draining of gold reserves involves dangers which it would be superfluous to emphasise, and a fall in the franc would entail others which are just as manifest. This two-fold risk can only be obviated if the movement of capital changes and becomes unmistakably favourable to France. I cannot for a moment consider as remedies those measures of control adopted by certain despotic Governments, who profess to combine a refusal to meet their commitments in gold with a make-believe stability such as can, after all, deceive no knowing and impartial person. Recourse to such a misguided expedient would, indeed, be just as deplorable as a fall in the exchange or an exodus of gold, for it could not fail to impede the free circulation of money and even of goods between France and the rest of the world. If this fatal step were taken the tripartite agreements concluded at the time of our devaluation—agreements deemed to mark an important stage in the return to a stable international standard of value and normal exchanges, in a word to a condition of relative free-trade—would be jettisoned and the promising hopes they gave rise to would vanish.

Clearly it is not enough to say that a reversal of the present movement of capital is essential. The real need is to find the way to bring it about, and first of all to understand why devaluation in France has not had results similar to those which followed upon operations of a like character in other countries.

It is pretty obvious that certain technical errors were made at the moment of devaluation. Following the precedent of Mr. Roosevelt, the French authorities tried to penalise individuals who had hoarded gold by forcing them to surrender it at the old parity or to deprive them of the greater portion

by means of heavy and special taxation. In theory this measure was as much open to criticism in France as in America. For just when it is becoming more widely appreciated that any stable international standard of value can only be restored on the basis of gold, it appears singularly inopportune to discredit gold in the public eye. And from the practical point of view the French authorities seem also to have lost sight of the fact that there are things one can do more easily in the United States than in France. The actual result of the restrictive measures attempted against holders of gold was to impose a fresh obstacle to the return of gold to the Bank of France, especially of that gold which is hoarded at home. Perhaps the obstacle in question was not quite so harmful as some people argue, but that it did play an important part is incontestable.

Let us hasten to add that the Government has ended by recognising this error, and that since the 8th March, 1937, the free internal circulation of gold in the country has been restored. Henceforth any holder of gold can sell at the world price, and only exportation to foreign countries remains prohibited. Thus, tardily, a first hindrance to monetary recovery has been removed.

Was the fact that Government and Parliament introduced, immediately after devaluation, an elastic currency another cause of the flight of capital? I am disposed to think so. A similar system, it is true, functioned satisfactorily in Great Britain, Holland, and Switzerland. But I cannot close my eyes to the encouragement given to speculation against the franc by the legal possibility of further depreciation. The prospect that, for revenue or other purposes, the Government would end by taking advantage of such a possibility was in mind from the first. And it should be noted that no speculator discounted the alternative legal possibility that the value of the franc would be raised. It is by no means unlikely that the system of an elastic franc, administered by an Equalisation Fund which is only bound to maintain the value between 43 and 49 milligrams of gold (nine-tenths fine), both encouraged speculation against the franc and discouraged the return of capital from abroad.

The truth is that the system adopted in France, and practised so successfully during the past five years by Great Britain, is perfect so long as movements of capital are inwards and not outwards. In such a case all that is required is for

the Equalisation Fund to buy gold or foreign exchange so as to prevent the national currency from rising too much. In the opposite contingency—that in which the French Equalisation Fund has been during most of its existence—the situation is wholly different. Technical measures are then inadequate to arrest a chronic exodus of capital, and it would be utterly unjust to throw upon those responsible for working the Equalisation Fund the blame for the apparent failure; in point of fact they were helpless and had an impossible task.

At the same time as the Government restored freedom in gold transactions at home, it entrusted the administration of the Equalisation Fund to a committee of eminent experts. The fate of the franc could not be placed in more competent hands. But the root of the problem remains the same. If the movements of money are favourable the Committee will have an easy job. If they are not, it will not be sufficient to manipulate, nor even to reduce or abolish, the margin by which the franc can fall. It is indispensable to grapple with the cause of the trouble, and this is a question of policy more than of expert management.

It is frequently asserted that the tendency for capital to leave the country is due to an unfavourable atmosphere. If by this is meant that the operative causes are not of a technical or strictly financial nature but general, it would seem that the assertion is not far from the truth. Moreover, it should be borne in mind that the atmosphere has not been all that can be desired for a considerable time, since gold began to leave the vaults of the Bank of France as long ago as the end of 1934, and since then and up to the time of devaluation the gold reserve of the Bank fell by more than 32,000 million Poincaré francs.

To diagnose the cause of the trouble we must localise what, from the end of 1934 and till recently, has remained the nerve centre, if I may so call it, of the French situation. Without any shadow of doubt it has been the failure to balance the Budget. Other supplementary causes have no doubt existed: propaganda in favour of devaluation heavily precipitated the exodus of capital; the social disturbances of last summer had a similar effect, as also the Abyssinian War, the military reoccupation of the Rhineland, and the Civil

War in Spain. But all these were, so to speak, accidental, whereas the budgetary deficit has been the enduring factor.

It is true that towards the middle of 1935 a courageous effort was made to overcome this fundamental cause of our monetary troubles. Even if the first results were not wholly decisive they were appreciable. But the sacrifices by means of which they were obtained provoked in various directions dissatisfaction, and this was one of the causes of the electoral success of the *Front Populaire* in April, 1936. And so it was not possible to wait until the attempt to balance the Budget had produced all its fruits,—fruits which the symptoms of economic recovery already heralded and the general rise in prices would doubtless have permitted quickly to ripen.

Be this as it may, the *Front Populaire* Government, holding that the country had pronounced against deflation, reversed engines. The policy of "increased purchasing power" induced it to abandon the conception of a balanced budget and not to shirk heavier expenditure. This is the root cause why the borrowing needs of the Treasury have swollen in the proportions I have indicated.

Investors, in presence of these needs, felt a vague uneasiness. More than ever they had the impression that those needs were greater than the available supplies of capital could meet. The upshot was that money rates were high and public finance could not recover. Foreign credits could naturally not attain such a volume as might settle the problem for any length of time; were it indeed otherwise the mortgage which such external borrowings would place upon the liquid resources of the Bank of France would be a grave disadvantage.

In short, capital went abroad because the Exchequer, directly or indirectly, had to borrow too heavily, because people feared that it could not obtain all the sums required without drawing for a large proportion on the Central Bank, and because they dreaded that French currency would suffer in the long run.

When a simple truth is faced the remedy jumps to the eyes. We must borrow less and revert to a policy of balancing income and expenditure. It will no doubt be objected that rearmament is too costly to be met by annual taxation, and this is wholly correct. But we should not lose sight of the fact that, out of the 36,000 millions indicated by M. VINCENT

AURIOL as the loan requirements for 1937, extraordinary military credits only figure for about 10,000 millions. If the loans were limited to the latter sum there would be no difficulty in securing them. Furthermore, it is certain that if people were satisfied that a real effort was to be made to balance the Budget in every section—and especially the Ordinary Budget and income and expenditure on the railways—they would rush to supply the State with the capital requisite to repair our national defences to the extent which the international situation calls for. This is and will be the position in Great Britain. And if such be the case there, it is simply because a balanced Budget, on solid foundations, allows an exceptional effort of vast extent to be made for national defence without undermining public credit or, *a fortiori*, endangering the stability of the £ sterling.

Who can doubt for a single moment that if a sincere attempt is made to reach equilibrium in State income and expenditure, capital will begin to flow back to France? I myself am convinced that such would be the case. But all earlier developments prove that if such an effort would suffice it is also absolutely indispensable.

Seemingly the Government has reached the same conclusion. When, a few weeks ago, the financial crisis led it to act on a series of important decisions, it did not indeed rest content with technical measures such as the restoration of free circulation of gold at home and the appointment of a Committee of experts. Nor was it content merely to issue its great National Defence Loan which, supported as it was by a guarantee and option in regard to exchange and currency, freed investors from all monetary risks and therefore attracted capital whether hoarded, exported, or foreign. It grasped the essential fact that the reversal of capital movements, which should be a normal result of the brilliant success of this loan, could only be enduring if accompanied by a conviction that political interests, abandoning the theory of "increased purchasing power," would in future direct their efforts towards equilibrium, at least in so far as concerns public finance. This apparently is why the Government has decided that increase in expenditure under the Ordinary Budget must be stopped; that expenditure, other than that on National defence, under the Extraordinary Budget should be reduced by 6,000 million francs (whereby *pro tanto* the borrowing needs of the Treasury

shall be diminished); and that a real effort shall be made to cut down the railway deficit. The core of the situation is that it is not merely a "pause" which is envisaged; what is in view is a definite return to an orthodox financial policy, and an effort to attack the real and root causes of the disease.

On the *Bourse* conflicting tendencies have prevailed since the date of devaluation. Government securities, after a passing burst of speculation, have remained out of favour. Their unsatisfactory quotations have never ceased to reflect the uncertain position of our national credit. If they are to rise we must first witness a return of capital from abroad. The absence of such capital prevented the Treasury during many months from benefiting from normal conditions and provoked an adverse trade balance with foreign countries. The state of the public funds is one of the most characteristic signs of dear money, which persists owing to the excessive requirements of the Treasury and the hesitancy of investors. Equities, on the other hand, have been subject to a sharp rise, even in excess of that justified by devaluation of the currency. This phenomenon is closely related to the rise in prices, whereof it is but one aspect. Buyers rushed in to secure goods or equities in anticipation of further rises. As usually happens, the boom was more marked in shares than in commodities. The movement was accentuated owing to the unregulated rise of certain raw materials in the international market and the abnormal demand for some raw materials for rearmament purposes.

The general result has been that many shares, both French and international, have been doubled in value, and even more than that. Having regard to the new social legislation, to the heavy increase in costs of production which has resulted, and to the uncertainty which exists as to whether goods can be sold at a remunerative price, many detached observers consider that the rise of Stock Exchange values has been too rapid, even if allowance be made for the previous low levels which had prevailed during the depression. In such circumstances fears of an eventual reaction serve to cool the satisfaction which resulted from a higher value of industrial securities and other equities in France.

It is interesting to compare the results of devaluation in France with devaluation of the £ sterling. Internal prices showed no reaction in Great Britain. For several years they remained pretty stable. Capital at once began to flow back to London, and vast quantities of gold poured in from India and elsewhere. This enabled repayment to be made within a few months of the £130,000,000 which had been lent by French and American Banks to defend the £ sterling during the crisis of 1931 that preceded devaluation. In contrast to what has happened in France, a favourable movement of capital ensued, followed by vast conversion operations, in 1932 and 1933, of Government loans and money rates below all precedent. Then came financial prosperity and the gradual restoration of salary and other cuts made in 1931.

Economic recovery only came later, about three years after the gold standard had been abandoned. What chiefly favoured that recovery was sound Government finance and a low Bank rate. Protective measures also stimulated the recovery in trade and industry, which was largely of an internal character.

Nothing of this kind occurred in France. Prices rose like an arrow immediately, and economic recovery was likewise immediate. As to public credit, it remained weak because, except for a few weeks, the flight of capital continued.

Why these differences of cardinal importance?

As to the price level, we must bear in mind that the fall of the £ sterling supervened when commodity prices the world over were on the down-grade, whereas the fall in the franc took place when prices of commodities were rising. Another important point is that the £ sterling drew in its wake the currency of a number of foreign countries and of the Dominions, so that Great Britain could obtain on favourable terms the greater part of her necessary supplies and raw materials. France found no comparable advantages in those few Continental countries which devalued at the same time as she did, nor in her Colonies. Besides, opinion is more sensitive in France than in England, and more suspicious when the currency is at stake, and the public gets alarmed when prices start rising. Over and above all this the course of prices was complicated in France by the heavy additional burdens imposed upon industry by the new social legislation. This difficulty was unknown in Great Britain in the years following

upon the abandonment of the gold standard. As to the rapidity of the economic recovery in France, I have already shown that it was due mainly to the sharp increase in the price level.

The financial discrepancies between the two countries may be explained for the most part by the different conceptions which prevailed as to the administration of the public finances.

In Great Britain a start was made by balancing the Budget, which attracted investors and permitted a lowering of the Bank rate. In France the Government encouraged economic recovery first, even at the expense of a larger deficit in the Budget, hoping that economic recovery would bring in more revenue. It is clear that events have so far belied this rash theory, which has in fact provoked a flight of capital and has resulted in dear money.

Three lessons may be drawn from this comparison.

The first is that one can never dogmatise from the results obtained in one country that they will follow in another. Differences of circumstances, of temperaments, and traditions, upset all such calculations.

The second lesson is that a monetary devaluation can never yield financial and economic advantages unless it is also a disguised measure of deflation. If devaluation is accompanied by additional social burdens any benefits, which it might otherwise have brought, are nullified by the consequent rise in the cost of living.

The third lesson is that devaluation does not serve to dispense with a sound administration of public finances. It has no intrinsic virtue capable *per ac propter se* of balancing an unbalanced Budget. This is why, as a general rule, a balanced Budget is an essential condition of the success of any monetary experiment. (The case of the United States is not in point, for there are in America possibilities and a scale of operations which cannot be compared with conditions in Europe; moreover the American experiment is far from having as yet given definite results, more particularly in its financial consequences).

Considered as a whole, the economic and financial position of France, as I have described it, appears under very diverse aspects, which make it difficult to forecast the future. An

economic recovery has taken place, but doubts still persist as to its real significance and its duration. Events alone will permit a reliable judgment.

Of one thing we may be certain: the theory of "increased purchasing power" has not been confirmed by developments. The liberal efforts of the Government to increase the consuming power of the workers of all kinds have been shipwrecked by the rise in the price level. The situation is more or less what it was in July, 1935; impartial people then thought that a devaluation was wholly unnecessary.

To-day the franc is far less vulnerable because practically nobody wishes—or dares to wish—for a further devaluation, and so there is no propaganda against the currency. Public concern on account of the rise in the cost of living is also calculated to protect the franc against any fresh attack. We may be satisfied that the Government will undertake nothing capable of accentuating that rise, and it is probably such a preoccupation which has decided it, despite the advice which has been tendered from some quarters, not to allow the franc to drop to the lower gold limit of 43 milligrams fixed by the currency law. Such a fall would give a fresh stimulus to the rise in prices.

From the strictly monetary and financial aspect certain technical remedial measures have been and can be adopted. But none of these technical expedients by themselves would have any radical influence, none would suffice to reverse the present exodus of capital from France. And so long as this exodus persists money rates would remain high, the franc would be exposed to attack, the gold reserves of the Bank of France would dwindle, and the Treasury would have difficulty in borrowing in normal ways.

The only remedy, therefore, was to return to the policy of balancing the Budget and follow the example in this respect of Great Britain. Recent decisions of the French Government prove that we are now on the right road. The only outstanding question should now be how great must be the extent of economy and financial reorganisation in order to produce the necessary effect.

Such a return to financial orthodoxy will only be secured by economy and by taxation, and both are unpopular. Very fortunately the effort should take place during a period of world economic recovery, and this will lessen the burden.

I abstain on the present occasion from examining the more distant future. For I should then be obliged to note that, not only in France but in the greater part of the world, the tendency and direction of the present economic recovery is largely artificial. Determined for the most part by monetary manipulations and by rearmament, it in no way corresponds to the real and normal needs of mankind. We cannot exclude the prospect that when these artificial stimulants have disappeared, a fresh depression and fresh readaptation, even more painful than those we have just experienced, will prove unavoidable. Suffering humanity has indeed learnt nothing. More than ever before the need seems manifest, the evidence is conclusive, that economic relations should be dominated by natural laws instead of by artificial restrictions. Here lies the only true secret of prosperity and of peace.

*19th March, 1937.* FRÉDÉRIC JENNY.

## Notes of the Month

*The Money Market.*—Revenue collection continued to be the main influence upon the market during March. There was no real shortage of money, for the funds collected in taxation were quickly released through the reduction of the floating debt and the redemption of Treasury bills. In illustration of this, the surplus of revenue over expenditure for the period December 31st to March 20th last was £123·3 millions. During the same period the floating debt was reduced by £140 millions, while the total of Treasury bills issued by tender (largely to the banks and the discount market) was reduced by £109 millions. These figures suggest that, in spite of the heavy revenue influx, the banks and the market only lost on balance £14 millions of cash during the whole period, and probably most of this £14 millions percolated back to the banking system through other channels.

Nevertheless, the fact that these huge sums were passing backwards and forwards between the banks and the Exchequer meant that there were temporary shortages of funds. In consequence the banks often had to call moderate amounts from the market, thereby creating a fair demand for loans. On the other hand, the big contraction in the supply of Treasury bills has kept discount rates very weak—very little better in fact than the banks' minimum buying rate of ½ per cent. for Treasury bills. Towards the end of March it became apparent that there might be a temporary pressure for funds on the last two days of the month. The reason is that there were large quantities of new Treasury bills to be paid for on those days, as the market is always anxious to secure bills maturing at the end of June. Conversely, there were very few maturities, as no one was prepared to take up Treasury bills to be paid for during the last few days of December. To mitigate in advance any such possible shortage of cash, there was some special buying of bills, and while its exact source was not disclosed, the Bank return for March 17th showed an increase of £4·8 millions in the Bank's Government securities, which include any Treasury bills bought by it. These purchases had the effect of replenishing the market's supplies of cash.

Such repatriation of French funds as has occurred has had little effect upon the market. There is some evidence of French dishoarding of British currency, for on March 17th the

Bank return showed a check to the normal Easter expansion in the note circulation. Any French dishoarding will make credit conditions easier, for it will expand both the Bank of England's reserve and the joint-stock banks' cash. The Exchange Equalisation Account is also believed to have sold gold to the French authorities, to offset the repatriation movement. This means that the Account is having to take up Treasury bills, and if the movement continues there must eventually be a contraction in the quantity of bills issued by tender. This will also create easier conditions in the London money market.

*The Foreign Exchanges.*—The series of new financial reforms announced by the French Government early in March have completely changed the course of the foreign exchange market. The reforms removed the penal taxation upon exchange profits accruing from the repatriation of French funds, restored a free internal gold market and authorised the Banque de France to buy gold at a published price in francs dependent upon the value of the franc and the world price for gold. The Control of the French Exchange Equalisation Fund was reorganised, and the franc rate was no longer pegged at Frs.105·15 to the pound, but instead was left free to fluctuate, subject to the Control's operations. Finally, a limit was put to new Government expenditure, and a defence loan of Frs.10,500 millions was announced, bearing interest at 4½ per cent., and guaranteeing the holder against loss from any future depreciation of the franc. Frs.8,000 millions of this loan have already been issued.

The first consequence of these reforms was a very moderate depreciation of the franc, this being due to the removal of the peg. The franc, however, gained in strength. The reason was that so long as it was pegged at a rate slightly above its intrinsic value, it was obvious that it could not rise, but that as soon as the peg was withdrawn it would fall—possibly to the lower legal limit laid down in last October's devaluation legislation, which corresponded to a sterling rate of about Frs.112. Thus speculators had an obvious temptation to sell francs, and right up to the announcement of the reforms there was steady pressure on the franc, reflected in gold losses by the French Exchange Fund. The removal of the peg, followed by the depreciation of the franc to just over Frs.108, meant

that the franc had room to rise as well as to fall, and so speculative attacks became dangerous.

Meanwhile the other measures of reform have reassured French investors, and already there has been some repatriation of funds to France. From Frs.108¼ the sterling rate has strengthened to Frs.106⅜, and the French Exchange Fund has been able to buy back gold. There was also evidence in London of some French dishoarding of British currency and sales of sterling securities. Another significant change is the narrowing of the discount on forward francs. The repatriation movement has not yet gone very far, and the Paris riots in the third week of March had a disturbing effect. Still, from being a rigidly pegged currency under continual pressure the franc has become a freer currency which now commands greater confidence.

Other rates of exchange have shown little movement. Dollars have been firm, with sterling quoted at $4·88. The guilder now moves in sympathy with the dollar, with which in practice it has become closely linked. For a few days it showed weakness as the result of repatriation sales of guilders for francs, but on the whole it has been very steady at about Fl.8·93. Early in March details were issued of the Bank of Italy's gold reserves on February 20th, 1937. Compared with those of October 20th, 1935, they showed an increase from 3,936 to 4,021 million lire, but as the lire was devalued by 40·94 per cent. last October, direct comparison is impossible. Apparently the Bank has lost most of its devaluation " profits," but it is announced that the Italian Treasury holds certain reserves.

*The Stock Exchange.*—Following the February fall in prices most markets during March showed little definite trend. French selling and repatriation of funds to Paris, following the announcement of M. Blum's financial reforms, affected many sections of the market. The main exceptions were rubber shares which rose sharply in sympathy with the further improvement in the price of the commodity. British Government securites were practically unchanged in price, weakening slightly in the middle of March owing to French sales, and improving fractionally a few days later. In the foreign bond market Polish bonds fell in price owing to uncertainties regarding their future service, but subsequently

became steadier. French rentes and railway bonds improved following the announcement of the French financial reforms. Home rails were dull, but encouraging traffic returns helped the market towards the end of the month. Foreign rails were also dull. Industrials have not been an interesting market. A slight decline early in March was followed by an equally limited recovery, but interest is now directed towards " commodity " shares and so industrials are inclined to be neglected. The under-tone, however, remains firm, and the decline of last February has for the moment been definitely checked.

Both gold and base-metal mining shares felt the effects of French selling. There has been little further advance in base metals in spite of the sharp increases in the prices of metals themselves. To some extent these had been discounted in advance, while possibly too much faith is not placed in the stability of metal prices at their present high level. Oil shares have been depressed since the middle of February, French selling again being in evidence. Rubber shares have risen sharply, but towards the end of March signs of profit-taking became apparent.

*Overseas Trade.*—Allowing for the difference in the length of the two months the February trade returns compare well with those for January. Exports as well as imports also show a definite improvement over those of February last year :—

| | 1936 | | 1937 | |
|---|---|---|---|---|
| | Jan. | Feb. | Jan. | Feb. |
| | £ mn. | | £ mn. | |
| Imports ... ... ... | 70·0 | 62·3 | 75·6 | 71·7 |
| British Exports ... ... ... | 34·5 | 35·1 | 39·1 | 38·6 |
| Re-exports ... ... ... | 4·3 | 5·7 | 5·1 | 6·9 |
| Total Exports ... ... ... | 38·8 | 40·8 | 44·2 | 45·5 |
| Import surplus ... ... ... | 31·2 | 21·5 | 31·4 | 26·2 |

Comparing February of each year, the increase in imports was well spread between those of food, raw materials and finished goods. In many cases the increase in the value of imports was as much due to the year's rise in prices as to any increase in the quantities imported. It is noticeable that last February's machinery imports were double those of February, 1936. On the export side of the account, there were increases in the volume of shipments of coal, iron and steel, paper and cardboard and motor vehicles, but textile exports were mostly

less in quantity than those of last year. The returns for the first two months of the year are summarised below :—

| Description | Jan.–Feb., 1936 | Jan.–Feb., 1937 | Increase (+) or Decrease (−) |
|---|---|---|---|
| | £mn. | £ mn. | £ mn. |
| Total Imports ... ... ... ... | 132·1 | 147·1 | +15·0 |
| Retained Imports ... ... ... | 122·1 | 135·1 | +13·0 |
| Raw Material Imports ... ... | 41·3 | 47·8 | + 6·5 |
| Manufactured Goods Imports ... | 31·6 | 36·2 | + 4·6 |
| Total Exports British Goods ... ... | 69·6 | 77·7 | + 8·1 |
| Coal Exports ... ... ... ... | 4·5 | 4·8 | + 0·3 |
| Iron and Steel Exports ... ... | 5·4 | 6·7 | + 1·3 |
| Cotton Exports ... ... ... | 10·3 | 10·7 | + 0·4 |
| British Manufactured Goods Exports ... | 54·2 | 59·6 | + 5·4 |
| Re-exports ... ... ... ... | 10·0 | 12·0 | + 2·0 |
| Total Exports ... ... ... ... | 79·6 | 89·7 | +10·1 |
| Visible Trade Balance ... ... ... | −52·5 | −57·4 | − 4·9 |

The increase in imports since 1936 is very well spread, but it is due to the rise in prices as much as to increases in the quantities imported. Exports for the two months are also higher in value than last year, and it is of interest to see if this represents a larger volume of exports or merely a rise in prices. Full information will only be available when the quarterly returns of the Board of Trade are published, but a brief examination of the two months' returns suggests that there has been some advance in the average price of British exports during the past twelve months. It is not very great or entirely general, but it is sufficient to explain part of the increase in the value of our exports and also to show that the rise in world food and raw material prices is beginning to affect the export price of some of our finished products. This, of course, is helping our adverse trade balance, which has only risen since last year from £52·5 to £57·4 millions, against an increase from £39·2 to £52·5 millions between 1935 and 1936, but it suggests that the rise in world prices is beginning to affect our costs.

*Commodity Prices.*—The February check to the rising trend of wholesale prices proved short-lived, and March has witnessed a further sharp advance. The increase in the wholesale price level between the New Year and the middle of March has been as much as 7 per cent., while non-ferrous metal prices have risen by over 50 per cent. March witnessed a new increase

in metal prices and also a sudden increase in cotton prices. Wholesale food prices were very firm, while there were new advances in wool and rubber. The average wholesale price level is about 38 per cent. higher than when Great Britain went off the gold standard in 1931, and is now only 11 per cent. below its 1928 level. We have thus recovered most of the ground lost in the depression, and if allowance is made for possible reductions in production costs during the past nine years, it is arguable that prices are in reality on a par with those of 1928. This suggests that the recovery in prices may already have gone as far as is either necessary or desirable, and that any further increase will create a dangerous situation.

The same trend is noticeable abroad. In the United States wholesale prices rose by 5·5 per cent. between the New Year and the middle of March, and are now only 4·4 per cent. below their 1928 level. In France, this year's increase is 6·5 per cent., but notwithstanding last autumn's devaluation of the franc, French wholesale prices are still 16·5 per cent. below their 1928 level.

The Ministry of Labour's cost-of-living index number for March 1st is again unchanged at 51 per cent. above its pre-war level. It has now remained unaltered since November 1st. During the earlier months of the year there is usually a seasonal decline. Thus between January 1st and March 1st, 1934, there was a fall of two points, which was repeated in 1935. In 1936 there was a fall of one point, but this year there has been no decline at all. Retail food prices on March 1st were 35 per cent. above their pre-war level. They remained unchanged during February, at one point below their New Year level. Here again the seasonal decline is less in evidence than in previous years.

# Home Reports

## The Industrial Situation

There has been a further increase in industrial activity. The unemployment percentage has fallen to 12·2 per cent. for February last, a figure which is practically identical with that of 12·1 per cent. for February, 1929. The number of employed workers has risen to 11,187,000, or to a new high record. The improvement since January was very general, and in no important industry was there any marked decline in employment. The *Economist's* business activity index has risen to 109·5 for February, which brings it back to the highest figure on record. Most reports from both the capital goods and consumption goods industries are satisfactory, but the trade in spring goods has suffered from the cold weather, while the rise in cotton prices has affected export business.

Recovery has now reached the stage where it is beginning to create a new set of problems. The world is emerging from a state of glut and accumulation of surplus stocks, and while it would be wrong to suggest that it is approaching a state of scarcity, demand is in certain cases beginning to outstrip immediately available supplies. Rearmament is an important factor in this new expansion in the world demand for commodities, but the general revival in trade and consumption is of equal if not greater importance. This change in the relation between supply and demand is manifesting itself in several ways. First there is the pronounced rise in world wholesale prices, particularly in those of primary products. In England this movement is reflected in a slow increase in the cost of living. Wages also are slowly rising, but workers have so far mainly benefited from the disappearance of short-time and from increases in the length of over-time worked, rather than from actual increases in wage-rates. The significant point here is that now that little short-time is being worked, any further additions to earnings, such as might be required to offset a fresh increase in the cost of living, can only come from higher wage-rates. All this points to a continuance of the upward trend in production costs, which is already in evidence.

The next sign of changing supply and demand is found in the numerous reports of shortages both of labour and materials.

There is a lack of skilled labour throughout the whole of the engineering industries, which in many ways is becoming acute. As regards materials, the iron and steel trades complain of a shortage of scrap and pig-iron, while other industries find it very difficult to obtain early and adequate deliveries of steel. The rise in non-ferrous metal prices indicates at least a temporary shortage, but the production of copper is already being increased. Stocks of wheat and cotton are rapidly being absorbed, and the general depression problem of regulating production is now being replaced by the equally insistent problem of expanding production to meet current demands without paving the way for a fresh period of glut in a few years' time.

. So far as rearmament in this country is concerned, as this issue of the REVIEW went to press there was every sign that the budget for 1936–37 would be balanced. It also seems likely that little fresh taxation will be necessary in 1937–38, unless ample provision has to be made for supplementary estimates. The Government has announced its intention of borrowing up to £80 millions for rearmament purposes during 1937–38, but so far as can be told the country's savings should be equal to these new requirements. The crux rather lies in the Government's demands upon the industries of the country, and in particular upon plant, materials and labour, of which there are already numerous shortages. This raises several allied problems, including the fact that many workers have lost their skill during the long years of depression, and also the difficulty of starting new enterprises in the Special Areas just for the few years of rearmament alone. Thus, while trade continues to improve, it has become necessary to view the future from a different angle, now that recovery has reached the point where many industries are working to capacity, with a rise in prices and costs and a growing shortage of materials and skilled labour.

News from abroad is encouraging, but variable. United States business is good, but the country is passing through a period of serious labour troubles. Empire reports are promising. Sweden reports great activity in her leading industries, and Holland announces a general improvement. French conditions are uncertain, as prices and costs are rising, but the new financial reforms should have a good effect upon the financial situation of the country. The primary producing countries are benefiting from the rise in world prices and the growing demand for their products.

## Agriculture

*England and Wales.*—According to an official report very little cultivation could be carried on during February. Spring sowing has only been attempted in a few districts. Autumn sown crops were generally forward and in good condition, but those on water-logged lands are now beginning to lose colour. Lambing was general in February, except in the North and amongst the hill flocks. Prospects are relatively good, but more hand-feeding than usual has been necessary. Milk yields have been difficult to maintain, and are slightly below average. Winter keep is likely to be sufficient, but a shortage of straw is reported in some districts.

*Scotland.*—Adverse weather conditions during the first half of March seriously hampered farm work, and with sowing and planting in immediate prospect farmers are very busy. Distressing reports come from the sheep-rearing districts of loss of lambs during the recent severe snowstorm. Farmers in the beet-growing districts are concerned at the reduced acreage under cultivation, and fears are expressed that the factory in Scotland may be closed down. In the produce markets all kinds of grain have been steady, and potatoes continue to be a fair trade. Supplies have been forward in average numbers at the livestock sales, with fat cattle in good demand, while sheep met a satisfactory trade at higher prices.

## Coal

*Hull.*—Prices for all grades for export have again risen sharply, and there is difficulty in meeting the strong demand for both prompt and forward shipment. Shipments this year should be well in excess of last, and there are indications of further expansion provided production can be made equal to the demand. Most collieries are now very well sold to the end of this year, and new business is therefore difficult to arrange. Collieries are able to secure very high prices for any free coal, as demand continues very brisk, particularly for sized coals.

*Newcastle-upon-Tyne.*—Demand for fuel of every description is beyond the capacity of collieries, and new business is difficult to negotiate. Forward enquiries are also pressing, but sellers are offering sparingly, and current prices find ready buyers. Coke continues a strong market, the release of the

balance of 50 per cent. quota having been absorbed immediately. Bunker coal is strong, and supplies are difficult to arrange.

*Sheffield.*—Demand for industrial fuels remains heavy, and prices are very firm. In the household coal market there has been an increased demand for all qualities. Conditions in the export market are unchanged. There is a good demand for all qualities for prompt shipment, and enquiries for forward deliveries show a distinct improvement.

*Cardiff.*—The improvement in the South Wales coal market continues. Demand is well sustained for all classes of coal, but business is restricted by the difficulty in obtaining supplies particularly for early loading. With the exception of dry large, all classes are eagerly sought by exporters, who are obliged to pay high prices. Washed smalls and sized descriptions are fully sold for a very long time ahead, and supplies of foundry and furnace coke are short.

*Newport.*—The shortage of certain classes of coal has persisted. Demand for bunkers has exceeded the supply, and stems have been difficult. Colliery outputs have been slightly above the level of the last few years, and inland demand has been brisk.

*Swansea.*—The anthracite market is showing a great deal of irregularity, and most best quality coals are in poor request. Second qualities are also very irregular, but third qualities and red vein are at present firm. All qualities of steam coals are very active, and prices are very firm.

*East of Scotland.*—In both Fife and the Lothians screened coal has met a good demand, and output is well booked up for some time ahead. In Fifeshire third class steams are well supported, while washed fuels of all kinds are meeting a brisk demand on both sides of the Forth. Prices are rising.

*Glasgow.*—Scottish coal is in very strong demand. Supplies are markedly scarce both for home delivery and shipment. Collieries are considerably in arrears with deliveries of requirements of household coal depots, gas and electricity works and other industries. Contract deliveries for shipment are also in arrears, and shippers are in many cases incurring heavy demurrage charges through failure to obtain delivery of full cargo quantities within stipulated loading hours. Only small quantities are offering, and shippers who need them to complete cargoes are paying high prices. A good enquiry

is being received from abroad for coal for forward shipment, but as collieries are already heavily sold, and are offering supplies sparingly, importers are not doing much business.

## Iron and Steel

*Birmingham.*—The heavy steel position remains very difficult. No revision of official prices has been made, and output has been sold for some months ahead. Premiums over basic prices are frequently being paid. Pig-iron is in short supply, and foundries are largely dependent upon day-to-day deliveries. The shortage of semi-finished steel is acute, and orders are now being refused, as considerable delay must occur in the completion of existing contracts.

*Sheffield.*—The scarcity of pig-iron and steel scrap is causing some anxiety to steel makers. Order books for basic steel are full and pressure in the acid steel department is acute. The demand for stainless and heat-resisting steels continues to expand, and production of A.I.D. inspected steels for aircraft construction is daily growing in volume. Re-rollers are experiencing difficulties owing to the shortage of billets, and the heavy forging departments are absorbing large quantities of steel. The big home demand makes export business difficult.

*Tees-side.*—Little new business is being transacted, for makers have sold the whole of their output over the next three months and are unwilling to add to commitments already in excess of production. Another blast furnace has been kindled, but the shortage of foreign ore and the high cost of coke prevents the restarting of more idle plant. Home demand is extensive, and consumers of iron are concerned at the growing shortage of supplies. Enquiries from abroad are numerous but are largely being refused on account of the insistent home demand. Steel production is maintained, but cannot be increased in view of the acute shortage of scrap. Imports of semi-finished steel have fallen, and re-rollers are handicapped by shortage of deliveries. All classes of steel are in keen demand.

*Newport.*—Imports decreased considerably during February, amounting to 6,300 tons, compared with 9,500 tons in January, and 20,900 tons in February, 1936. Exports totalled 17,000 tons, or 4,500 tons more than in January, but 1,500 tons less than in February last year. All works are busy,

and it is becoming increasingly difficult to fulfil orders promptly. The shortage of scrap and ore is giving cause for anxiety.

*Swansea.*—The tinplate market was more active during February. Owing to the violent fluctuations in the price of tin, and the uncertainty in regard to supplies of steel, consumers were anxious to cover their requirements over longer periods. The works were busier, and the industry was employed at 69·54 per cent. of capacity.

*Glasgow.*—Makers of iron and steel in the West of Scotland continue to be overwhelmed with orders, and all the plants are actively employed. Supplies of scrap, pig-iron and semi-manufactured steel are very scarce, and consumers are perturbed by the possibility of a slowing down of production in the not-distant future. Efforts are being made, however, to augment supplies, and arrangements have been completed for the resumption of imports of steel from the Continent in time, it is hoped, to prevent a general reduction of re-rollers' outputs. All branches are heavily committed, and provided that sufficient supplies of raw material are obtainable, plants will be in full operation for a considerable time ahead. Meanwhile, a good deal of business offered by home and overseas buyers is being refused, owing to the uncertainty over raw materials.

## Engineering

*Birmingham.*—General demand has been maintained, and foundries are very busy. In many cases the shortage of raw material is holding up contracts. Manufacturers of motor and aeroplane components continue to be actively employed, and business in the auxiliary trades is good. Tube makers are busy, and export trade has improved slightly. The electrical trades are very active. There is a general shortage of skilled labour.

*Bristol.*—The aircraft section is still very busy, and there is some shortage of skilled labour. Two large contracts have been received recently by local firms, one for twenty miles of trolley-omnibus line and overhead equipment for Canton, and the other for a plant for charging iron-melting cupolas. The general position in the building industry is regarded as satisfactory, and a further improvement is anticipated.

*Coventry.*—Motor car manufacturers continue to be fully employed. The motor omnibus industry is expanding, and

production is expected to start shortly in the " shadow " aircraft factories. Machine tool makers are extremely busy, and all branches of engineering works are very active. The pedal cycle trade is also well employed. The problem of obtaining sufficient skilled labour is pressing.

*Leeds*.—The improvement continues. There is some shortage of skilled men.

*Leicester*.—The industry remains exceedingly busy. Orders continue to be abundant and material and skilled labour are increasingly difficult to obtain.

*Manchester*.—The engineering trade shows no sign of slackening in activity, but manufacturers are becoming concerned at the steady increase in prices of raw materials, and the consequent inability to give firm quotations for more than a few days ahead. On the electrical side in particular the advance in copper and lead prices has made trading conditions very difficult. Government orders have provided a stimulus in every section, and demand for machine tools has been especially keen.

*Sheffield*.—Trade in general engineering is exceedingly brisk, most firms working to capacity. The marked activity which has now prevailed in the various branches of the tool trade for some considerable time has been well maintained. Engineers' small tools are in great demand, and the demand for precision tools far exceeds the present supply. There are many complaints over deliveries. The seasonal demand for garden tools is in full swing, and promises to be a record year. All wood-working tools are in good demand. Export statistics show a marked improvement over those of last year.

*Wolverhampton*.—Building is suffering to a considerable extent through the unfavourable weather. This is most unfortunate owing to the quantity of work available, and the need for continued employment of the limited supply of labour. Engineering firms are all busy, and mechanical engineers have substantial orders on hand. The electrical side is fully occupied, and demand for constructional material is brisk. The motor vehicle industry shows a steady improvement, and firms supplying components and accessories are active.

*Glasgow*.—The Clyde shipyards remain busy, and the chief problem confronting the builders is that of securing an adequate supply of suitable labour. Materials are also the cause of some concern, but work has not been held up

for this reason. Every yard on the river is now employed, and several are operating to capacity. Builders are not only exceptionally busy, but are on the eve of receiving an almost unprecedented onrush of contracts for the Admiralty. It is known that about eighty ships will be laid down this year, and as the number of yards capable of dealing with warship construction is limited, it is taken for granted that the Clyde will play a big part in rebuilding the navy. Demand for mercantile tonnage remains satisfactory, though there has lately been a lull in the flow of new contracts definitely placed. Marine engineering establishments are active, and prospects are promising.

## Metal and Hardware Trades

*Birmingham.*—Business in hardware continues good, and the export position has shown some improvement. The cold rolled brass and copper sections are active, and the demand for castings is maintained. Makers of metal smallwares are fully engaged.

*Sheffield.*—The industry is well employed. The increase in prices of raw materials is causing a hardening of prices. Conditions are decidedly better than a year ago, and although the production of Coronation novelties is in some measure responsible for the improvement, Coronation goods are not a major factor. The demand for every-day lines such as bread knives, table knives, pocket knives and scissors shows considerable improvement. There is a shortage of skilled labour in certain sections, particularly in the spring knife trade. Export trade is growing, especially to Australia, New Zealand, Canada, South Africa and Denmark.

*Wolverhampton.*—The general hardware trades are good, and the lock section continues as busy as ever. There is a satisfactory demand for hollow-ware of all kinds, and the aluminium trade shows an improvement. Suppliers of fittings and components for aircraft are fully employed. The edge tool trade is experiencing a steady demand, as export business tends to improve.

## Chemicals

In the home chemical market business was very fair during February. Demand for industrial chemicals slackened, but trade in dyestuffs improved, and coal tar products attracted

considerable interest, tar acids being particularly active. The wood distillation market is also better. Business in pharmaceutical chemicals was quiet but steady. The Board of Trade returns for February show a definite improvement in overseas trade in chemicals, drugs, dyes and colours as compared with February, 1936. Exports show an increase of £352,855, and imports have increased by £55,887 in value.

## Cotton

*Liverpool.*—Conditions in the "spot" market have been active throughout the month. Mills are well booked with orders, and the trade are buying for extended delivery dates. America continues to lead the movement and the consumption of cotton in the United States mills shows an increase of close on a million bales over the corresponding period of last season. The tightness of the "spot" position and the shortage of tenderable cotton is emphasised by the rather surprising absorption of "Loan" cotton. Releases to date this year are about 800,000 bales, despite stringent terms and the undesirability of some of the cotton. What increases have been recorded in recent months in the "futures" market seem to have been determined by the actual trade situation. This month, however, has seen a rapid rise in prices, gaining momentum with the increased tide of outside speculative activity, but interspersed with heavy long liquidation and a wide range between opening and closing prices. July delivery shows an advance of about 65 points to a closing price of 7·70 pence per lb. Cotton has been rather belated in following the lead of other commodities towards a general increased price level, but the present strength of the distant position is causing some nervousness in the market. In the United States an increased acreage under intensive cultivation points to a bigger crop in 1937, provided growing conditions are not unfavourable.

*Manchester.*—Business in both the yarn and cloth markets has been checked by the fluctuations in raw cotton prices, and buyers are nervous regarding any extension of commitments unless they are covered by contracts. Unfortunately, though temporary advantage accrues to holders of stocks, the higher prices have effectively slowed down the export trade in both sections. Indian buyers, in particular, show no

disposition to follow cloth quotations, and consequently with few exceptions, business with this market has been on a retail scale. In other markets there has been a steady demand from West Africa for coloured cloths, and from Scandinavia and Switzerland for fine fabrics, but, speaking generally, shippers have experienced a disappointing month.

## Wool

*Bradford.*—Raw wool prices continue to advance. Users, however, are not showing great readiness to follow the advance, as they are at present fairly well covered on a lower basis. Spinners are busy, mainly with the home market.

*Hawick.*—More active conditions are noticeable in the Border tweed trade, and some of the mills are now on full time. The hosiery branch is also well employed, with a brisk demand for knitted woollen goods for outer wear. Spinners are quite busy at present, and dyers are also better employed. Wool prices remain firm.

## Other Textiles

*Dundee.*—Prices in most sections of the jute market have hardened, and demand has improved. A fair number of orders have been received, and prospects seem rather brighter. Some of the jute mills in Calcutta remain on strike, and conditions there are firmer, owing, no doubt, to the labour troubles.

*Dunfermline.*—In the Fifeshire linen trade prices are still tending upwards, owing to the strength of the raw material and yarns. Offers of flax and tow are being sparingly made, and spinners are showing more interest in the fibre.

## Clothing, Leather and Boots

*Bristol.*—There has been a general improvement in the clothing trade, and the position is better than a year ago. The number of short-time women workers shows a seasonal decrease. Trade in boots and shoes is much the same as in 1936, and is generally regarded as satisfactory.

*Leeds.*—The shortage of labour is acute in the clothing trade, and there is also some difficulty in obtaining deliveries of cloth.

*Leicester.*—Business in hosiery is very quiet, and the spring underwear trade is poorer than it has been for years. Home trade in boots and shoes has improved slightly, and immediate prospects are encouraging.

*Northampton.*—Bad weather has tended to restrict or delay home orders for spring goods. Conditions in the export trade are brighter. The percentage of unemployed is small, and even less than a year ago, in spite of a certain amount of labour having been imported from the Special Areas. All sections of the leather market show an upward tendency.

## Shipping

*Bristol.*—Trade during recent weeks has shown a definite improvement compared with the corresponding period of 1936. Arrivals of grain have lately been slightly less frequent, but the total for the financial year to March 31st, 1937, is expected to reach that of last year, which was a record. Petroleum cargoes have been unusually heavy. Imports of oilseeds, feeding stuffs, timber, paper and wood-pulp also show considerable advances on those of previous years. The total traffic passing over the quays is the highest ever recorded. The stocks in the Port Authority's warehouses are normal, with the exception of stocks of grain which are below average.

*Hull.*—The enquiry for tonnage is only moderate. Rates, however, rule very firmly for all directions.

*Liverpool.*—The freer movement of primary commodities has had a stimulating effect on the freight market, but chartering is slow to develop. Demand has been quiet from the United Kingdom coal ports, but rates have been maintained. River Plate early loadings are firmly held at recent rates, and in British Columbia a limited enquiry is in evidence for general cargoes to Europe. Rates for Atlantic-America and the Gulf have been steady, but chartering has been quiet except for scrap iron tonnage. Easterns show no material change, moderate enquiry comes from India, whilst Australia-Europe is steady at about 10s. to 12s. 6d. above official minima, according to position.

*Newcastle-upon-Tyne.*—Chartering moves slowly, and the difficulty in arranging loading turns is hampering business. The demand for tonnage is steady, rates ruling on a basis of 8s. 9d. West Italy, with coasting firm on a basis of 6s. Rouen and 4s. 3d. London.

*Southampton.*—Statistics relating to shipping traffic at the docks during February last show that although the volume of shipping tonnage entering was not quite so large as in the corresponding month of 1936, the tonnage of freight handled and the number of passengers dealt with increased. Imports and exports contributed to an advance of 15 per cent. registered in cargo traffic, while passengers, which at this period of the year are dealt with in comparatively small numbers, increased by 2 per cent.

*Cardiff.*—The freight market is firm for all directions. Rates tend to improve, but some irregularity is apparent in the Coasting Section.

*Newport.*—Demand for tonnage has been easier, chiefly owing to the difficulty of stems. Freight rates have been well maintained, however, and the outlook is promising.

*Swansea.*—With very little enquiry for the Continent the Coasting market has been extremely quiet. Very little business is offered for other directions. Tonnage is scarce, however, and rates consequently keep firm.

*East of Scotland.*—There were over 20 vessels on loading turn at the Forth coaling ports on March 18th, more than half being at Methil. The freight market shows little change. Quiet conditions rule all round, but rates are steady.

*Glasgow.*—The demand for tonnage for carrying coal is very restricted owing to some extent to the scarcity of stems. Shippers are putting forward little business in all sections. Boats, however, are not offering freely, and though the limited enquiry prevents rates from being thoroughly tested the undertone is steady.

## Foodstuffs

*Liverpool, grain.*—The wheat market has been very firm throughout the month, with shipments heavy for the time of the season. Germany has been prominent as a buyer of Plate wheat, and important cargoes have been taken by Spain and Greece. Arrivals in the United Kingdom are above average needs, and stocks have increased steadily. Australia, on the basis of the official crop estimate, has 6 million quarters of wheat remaining for export, compared with 9 million quarters in March, 1936, whilst if the present rate

of shipments from Argentina is continued measures may be necessary to safeguard home supplies. Canada's visible surplus has fallen to 88,000,000 bushels, compared with 220,000,000 bushels at this time last year. The new crop outlook in the Dominion will be the primary factor in the determination of price fluctuations during the spring and summer months, and the market is likely to be acutely susceptible to adverse reports. Weather conditions in the United States remain satisfactory, but in Canada moisture is below normal. " Futures " prices have increased steadily during the month, the current position from 8s. 4½d. to 9s. 4½d. and the July quotation from 8s. 8¼d. to 9s. 7½d. The corresponding prices twelve months ago were 5s. 11¾d. and 6s. 2½d. respectively. Maize prices have been well maintained during March, although the demand has been somewhat irregular and shipments smaller. The wet weather in the Plate threatens to retard the conditioning of the new crop.

*Liverpool, provisions.*—Continental bacon is in good demand, supplies being readily absorbed at somewhat higher prices. Better demand has also been experienced for American hams at rather firmer prices. Lard has commanded higher prices, and the stocks in the United Kingdom are small. A normal trade in canned meats has been evident at unchanged prices, while the consumptive demand for canned fruits has been quiet, also at unchanged prices. There has been a ready demand for Empire and Continental butter at considerably higher prices, while owing to short supplies the price of cheese has also advanced.

## Fishing

*Brixham.*—Landings of wet fish during February amounted to 5,792 cwts., valued at £5,792, compared with 5,387 cwts., valued at £6,000 during January. Supplies have improved, and prices are easier.

*Hull.*—During the month of February there was an increase of over 63,000 cwts. in the landings of wet fish by British-owned vessels, as compared with the same month last year, but the first-hand value of last February's landings was some £7,000 less than that of February, 1936. 603,111 cwts. were landed in February, having a first-hand value of £243,850. Of this catch 454,456 cwts. consisted of cod, 63,840 cwts.

haddock and 11,704 cwts. coalfish. Foreign fish landings were 15,488 cwts. valued at £7,518. Flat fish of all descriptions was very scarce and dear.

*Penzance.*—Little fishing was carried on during February or early March, owing to the very bad weather. The mackerel season has once again made a start, and boats from the East Coast arrived daily during March. One boat from Irish waters landed 300 boxes, which made 11s. 6d. to 12s. per box of 60 fish.

*Scotland.*—The herring fishing at the mouth of the Forth was seriously hampered by stormy weather during March, and landings were very irregular, although when conditions proved favourable good results were obtained. The line fishing round the coast also suffered from weather conditions, and catches found a ready market.

## Other Industries

*Paper-making and Printing.*—Bristol reports that employment has remained good, and is better than a year ago.

The Edinburgh paper mills continue busy, and prices still tend to harden. There is a certain amount of forward buying, due to uncertainty caused by the incursion of outside interests into the market for wood pulp, and conditions are rather unsettled. The printing trade is active on both the publishing and jobbing sides, and the outlook is favourable.

*Timber.*—Hull reports that prices are still rising and demand is strong. The Russian goods issued at the third schedule of prices, which is 60s. per standard above the first schedule, have all been disposed of, and purchasers are finding resales at adequate profits a matter of no difficulty. Floorings are particularly firm in price, on account of the very heavy demand, and buyers are having great difficulty in securing supplies even at shippers' prices. Freights also are rising and contributing to the firm line of shippers' demands.

*Tin Mining.*—Redruth reports that with tin at its present price the Cornish producing mines should be doing reasonably well. A very good lode was struck during March in the South Crofty mines.

# Overseas Reports

## Australia

*From the National Bank of Australasia Limited*

Rural prospects are satisfactory, and a recent cable says that useful rains have fallen. The pastoral outlook is favourable except in parts of Western Australia. Two million bales of wool were sold during the past eight months at the average price of 16·3d. per lb. for greasy wool. Butter production remains below that of last season. Wheat is moving steadily. Industrial outputs are still expanding. The building and allied trades remain active. The export surplus for the seven months to January 31st is £15 millions sterling. Export prices are more stable, and the increased value of Australia's exports is making money easier.

## Canada

*From the Imperial Bank of Canada*

Recovery has been maintained during the current year, but has lost some of its momentum. The recent improvement in construction and building activities, however, means that the trade revival now covers the whole industrial and commercial field. The leading economic indices have risen by 6 per cent. during the past twelve months, and commodity and stock market prices have reached their highest point for several years. The latest price increases have more than off-set the recent reversal of the previous upward trend of bond prices. Generally the change in business conditions and sentiment is now so marked as to have inspired official warnings against the dangers of excessive speculation. The chief problems of the future are threats of labour disturbances and the burden of debt. There have, as yet, been no serious labour troubles, but in spite of expanding revenue receipts public and private debts remain a serious problem. Mortgage institutions in the Western Provinces have adopted a liberal attitude towards debtors who have suffered from recent droughts. Provincial Governments are pleading inability to balance their budgets and maintain established services without additional Federal assistance, and the conservative element is calling for further retrenchment.

The mining industry is profiting from the world re-armament demand for nickel, copper, lead and other base metals. The current demand for wheat at firm prices has solved the Government's problem of its surplus stocks. The prevailing feeling is that there will be a continued world demand for foodstuffs which can be accumulated in reserve war emergency stores.

## India

*Bombay.*—Recent advices indicate that cotton is moving into consumption at a record rate, and it is thought that the American Government's stocks are likely to be reduced to 150,000 bales. Bombay raw cotton prices have followed American prices in their recent advance, but the parity differences have widened as is usual when prices are rising rapidly. Lancashire and the Continent have been buying Indian stapled varieties, but Japan has been out of the market. The Indo-Japanese trade discussions are progressing satisfactorily, and a settlement should have a favourable effect. A later cable says that business in British and Indian piece-goods is steadier. The outlook depends on Japanese competition which tends to be unhealthy. Business in yarns is quiet.

*Calcutta.*—After a dull period, interrupted by holidays, the tone of the raw jute period became firmer towards the middle of March. The baled jute market became brisk at the end of February and a moderate amount of business passed during early March. Later the market became easier. There are labour troubles in the Indian jute industry, with strikes in some of the mills. This has caused prices of hessians to harden. Large sales of hessians and heavy goods were made during early March, and every country in the world has been buying for near requirements. If strikes continue, prices will be maintained for some months ahead, even although output is large and there are good reports about the next jute crop. Another big shellac crop is expected, and timely rains have helped the quality of the lac. Foreign demand remains good, but arrivals have diminished with the end of the season. They should increase when the new crop begins in the second half of April, but whatever the size of the new crop the demand is expected to be equal to it. European demand for hides improved early in March, and the market is very firm. A weakening of the skins market stimulated a new demand from

English tanners, so that prices have risen and there is some shortage of stocks.

*Rangoon.*—The rice market has been steady, but after an active opening to the season shippers appear to be holding back, possibly because of difficulty in obtaining freight and also because they had bought earlier than usual. India is a very disappointing market, and China has now withdrawn. Paddy is steady to firm, with stocks in strong hands. In the European timber market the demand for Decks and outside specifications continues, and prices are improving. The tone of the Indian timber market is good, but there is rather less demand from Bombay. The up-country demand for hardware remains very poor, and some holders have had to realise stocks at less than replacement costs, in order to obtain ready cash. Prices realised, however, leave dealers with a considerable profit on original costs. Prices generally are firmer, but demand is slow in developing, and bazaar selling rates are below those quoted by British and Continental makers.

## Irish Free State

Outdoor farm-work has been seriously delayed by the weather, which has been the worst experienced for many years. Continuous rain has left all but the higher pasture lands unfit for grazing and hand feeding of outlying stock from farm reserves has been necessary. Supplies have been adequate and are still sufficient for normal requirements. Oats were the only grain to be offered in any quantity during the month. Flax-scutching has been almost completed and yields averaged 30 stones to the acre. Early-sown wheat has made good progress, but later sowings have suffered from the bad weather. Cattle are healthy, but have lost condition owing to the cold, wet weather. Supplies are average, while demand is good, particularly for well-bred stores in condition. Sheep are in good condition, and market supplies are normal. Less pigs were on offer in February than in January. Breeding stocks are well maintained.

## France

*From Lloyds & National Provincial Foreign Bank Limited*

The adverse visible trade balance for the first two months of this year was Frs.3,532 millions, compared with Frs.1,633 millions last year. This increase is due largely to heavier

imports of foodstuffs and raw materials. The trade returns are summarised below :—

| | First two months 1936 | First two months 1937 | Difference |
|---|---|---|---|
| | Frs. mill. | Frs. mill. | Frs. mill. |
| *Imports—* | | | |
| Foodstuffs ... ... ... | 1,212 | 1,888 | + 676 |
| Raw Materials... ... ... | 2,272 | 4,145 | +1,873 |
| Manufactured Articles ... | 581 | 968 | + 387 |
| Total ... ... ... | 4,065 | 7,001 | +2,936 |
| *Exports—* | | | |
| Foodstuffs ... ... ... | 369 | 521 | + 152 |
| Raw Materials ... ... | 696 | 1,185 | + 489 |
| Manufactured Articles ... | 1,367 | 1,763 | + 396 |
| Total ... ... ... | 2,432 | 3,469 | +1,037 |

The number of registered unemployed on March 13th was 401,259, compared with 477,766 at the same time last year. Railway receipts for the period January 1st to March 4th are given below. These show an increase of Frs.154 millions, compared with the same period last year.

| | Receipts | Increase since 1936 |
|---|---|---|
| | (Frs. thousand) | |
| Alsace and Lorraine ... ... ... ... | 123,390 | +17,587 |
| Est ... ... ... ... ... ... | 252,051 | +33,457 |
| Etat ... ... ... ... ... ... | 260,413 | +27,813 |
| Nord ... ... ... ... ... ... | 265,700 | +16,753 |
| Orléans and Midi ... ... ... ... | 325,260 | +19,684 |
| P.L.M. ... ... ... ... ... | 463,390 | +39,190 |
| Total ... ... ... ... | 1,690,204 | +154,484 |

The cost of living in Paris still shows an upward tendency, as will be seen from the latest figures published by the *Statistiques Génèrale de la France :—*

Retail prices of 34 Household Requisites
(1914=100)

| | | |
|---|---|---|
| 1936, | February ... ... ... | 454 |
| | September ... ... ... | 494 |
| | October ... ... ... | 515 |
| | November ... ... ... | 534 |
| | December ... ... ... | 550 |
| 1937, | January ... ... ... | 567 |
| | February ... ... ... | 577 |

Since September, the month immediately preceding devaluation, there has been an increase of 16·8 per cent., while the increase during the past year is 27 per cent.

The Bourse has remained firm. The outstanding event was the successful issue of the National Defence Loan, which was quickly taken up—eight milliard francs, equal to over £75,000,000, being subscribed. This success infused new life into the markets, but unfortunately later events have caused a nervous tendency to develop. Rentes and bank shares have remained fairly firm. Gold mines have been dull and chemical products, after being marked down, are firm. Rubber shares are in demand.

*Le Havre.*—Releases of Loan cotton in the hands of the American Government now amount to 1,000,000 bales, and, with the heavy demand due to rearmament, it is estimated that the carry-over will be much lighter this season than last. Arrivals here have been easily absorbed by the mills, and local stocks now stand at 269,000 bales, against 278,000 bales a month ago. Speculative interest has resulted in an active "futures" market, with distant months displaying strength. It is thought that cotton has not yet had the rise which has been so characteristic in other primary commodities. French Colonial coffees, which of recent years have been imported in ever-increasing quantities, are to be the object of a separate terminal market which will be opened shortly. The "futures" market has been active but nervous owing, on the one hand, to the disorganised markets in countries of origin and, on the other, to the ebb and flow of speculation. Demand from the interior has been fair but has not absorbed recent heavy arrivals. Havre stocks awaiting clearance now amount to 945,000 sacks, against 871,000 bags last month.

*Lille.*—Business in cotton yarns is dull and the general slackening in demand since the new Social Laws began to operate, continues. The mills, however, have full order books for months ahead and so are fully occupied. Profit margins are considered satisfactory, except in those mills specialising in fine counts. The effect of higher prices is now being felt, and resistance from consumers to these high prices is evidenced by the considerable reduction in demand for future deliveries. Weavers are well occupied but stocks which had been allowed to drop to low levels have now been replaced, and the future

trend will remain uncertain, until a buying movement on the part of the consuming public makes itself felt.

The flax market continues dull, with few offers and prices nominal. The mills are fairly well occupied with deliveries under old contracts and with demands for military purposes, but those dealing exclusively with the trade are already finding resistance on the part of consumers to the rise in prices. Weavers are finding it difficult to maintain prices sufficient to cover replacement costs. Demand is poor and heavy competition has to be met from abroad, particularly from Czecho-Slovakia. The situation tends to grow serious and is already causing reductions in working hours in some quarters, and it is suggested that Government intervention to assist the trade will be called for.

*Roubaix.*—Business in tops and noils continues very quiet, and wool prices, though firm, have not followed the rise in the primary markets. There is a general tendency to wait before taking on new commitments. The increased costs which have been laid on the textile industry generally this year have compelled manufacturers to raise prices to such an extent that wholesalers are not passing orders for the time being. They fear that the consumer will not pay what will have to be asked. This attitude is having its repercussion throughout the whole industry. Wool spinners, especially those of industrial yarns, are already feeling the effects, and in general only thirty-two hours a week are being worked. The future is indeed very uncertain. In the combing section the position is a little better but some combers are already complaining of a shortage of material. Unless there is a great change before long, a considerable amount of short time will be worked in this centre. Unemployment shows a slight reduction, compared with a month ago.

## Belgium

*From Lloyds & National Provincial Foreign Bank Limited*

*Antwerp.*—Business, stimulated by the rise in commodity prices generally and in those of raw materials in particular, has been very brisk. The Stock Exchange has experienced great activity. Under the influence of too heavy engagements and other causes which are difficult to determine, prices have not kept in line with those of raw materials, and quotations

have reacted violently. The diamond industry continues to make headway in a satisfactory manner.

*Brussels*.—The iron and steel outlook continues extremely satisfactory. There is no falling off in the demand, and in spite of increased prices and the long delays for delivery, buyers continue to offer still higher prices. There is a certain falling off in the demand by consumers for domestic coal, but merchants anxious to profit by the summer prices are keen buyers. Exports to France have been hindered by the floods. Industrial qualities are in strong demand. On March 1st stocks amounted to 731,000 tons, or the lowest figure for ten years.

## Germany

Although signs of a seasonal recovery are not yet noticeable unemployment fell during February from 1,885,000 to 1,611,000. The execution of the Four Years' Plan continues to dominate German economic life. The Reichsbank report for 1936 showed a total turnover during that year of Rm.920,000 millions, against Rm.807,000 millions for 1935, or an increase of 14 per cent. in activity. Bills and cheques held by the Bank increased during 1936 from Rm.4,500 to Rm.5,400 millions, or by 20 per cent. At the recent Reichsbank meeting, Dr. Schacht said that financing should be kept within the limits of the turnover expansion, and this is thought to presage further consolidation of the floating debt. The recent $4\frac{1}{2}$ per cent. loan of Rm.500 millions was taken up well, and a further Rm.200 millions have now been issued. Steps are being taken to check any increase in prices, in spite of the higher cost of raw material. It is hoped that this policy in conjunction with the rising trend of world prices will lessen the disparity between German and world prices which has been such a handicap to German export trade. Already exporters are getting better prices and export subsidies are being given in smaller quotas. Germany's external trade returns are summarised below :—

| | Imports | Exports (Rm. millions) | Export Surplus |
|---|---|---|---|
| 1936— | | | |
| Monthly average ... ... | 352 | 397 | 46 |
| February ... ... ... | 334 | 374 | 40 |
| 1937— | | | |
| January ... ... ... | 336 | 415 | 79 |
| February ... ... ... | 347 | 406 | 59 |

The recent report of the Deutsche Bank und Disconto-gesellschaft shows that advances have fallen from Rm.1,322 to Rm.1,221 millions, while bills have risen from Rm.683 to Rm.835 millions. These changes indicate the growing financial liquidity of Germany, and also the tendency of public institutions to replace private banks as the suppliers of credit. Deposits rose slightly from Rm.2,344 to Rm.2,395 millions.

## Holland

The depreciation of the guilder and the revival of world trade have greatly improved the position of the Dutch East Indies. The Colony's 1936 export surplus was Fl.332 millions, or 54 per cent. of the total exports. The corresponding percentages for 1929 and 1935 were 27 and 44 per cent. respectively. A further improvement is anticipated in 1937, and the main cause of this recovery is the rise in the prices of the Colony's chief exports. The cost of imports no doubt will rise as well, but for the time being not to the same extent as the increase in export prices.

Holland has benefited in two directions from the recovery in the Dutch East Indies. First, larger dividends should accrue from companies operating there, while secondly, there is a growing demand from the East for Dutch manufactures. The Dutch textile industry, in fact, is already working at full capacity, and is having to import grey goods from England for finishing in Holland and export to the Dutch East Indies. Exports generally are also expanding, as is shown by the following table.

| | Imports into Holland (Fl. millions) | Exports from Holland (Fl. millions) |
|---|---|---|
| 1936— | | |
| Monthly average ... ... | 85 | 62 |
| January ... ... ... | 79 | 50 |
| February ... ... ... | 74 | 50 |
| 1937— | | |
| January ... ... ... | 106 | 73 |
| February ... ... ... | 105 | 79 |

Home trade has also improved, and the financial position of many industrial companies has become much sounder. Unemployment is declining, and in spite of the rise in wholesale prices, the cost of living is not much higher. The course

of wholesale prices since the depreciation of the guilder last autumn is shown below :—

| | Food | Raw Materials | Manufactured Goods | Total |
|---|---|---|---|---|
| 1926–30 ... ... | 100 | 100 | 100 | 100 |
| 1936— | | | | |
| September ... | 65·8 | 48·4 | 66·1 | 62·6 |
| October ... ... | 69·5 | 58·5 | 71·0 | 68·2 |
| November ... | 70·4 | 60·4 | 72·3 | 69·5 |
| December ... | 71·3 | 65·3 | 72·9 | 71·0 |
| 1937— | | | | |
| January ... ... | 73·3 | 69·3 | 74·2 | 73·0 |
| February ... ... | 73·6 | 69·5 | 75·7 | 74·0 |
| Increase since September | +11·9% | +43·6% | +14·5% | +18·2% |

The Stock Exchange is firm, largely because of the easiness of money and a general disinclination to invest in bonds yielding only a low rate of interest. Several recent 3½ per cent. bond issues have been a failure, and investors are mainly attracted by shares. Many shares are now strongly held, and the technical position of markets is sound. The private rate of discount is only ¼ per cent.

## Norway

The trade returns for this year are summarised below :—

| | Feb. 1936 | Jan. 1937 | Feb. 1937 | First two months 1936 | First two months 1937 |
|---|---|---|---|---|---|
| | | | (Kr. millions) | | |
| Imports ... | 71·1 | 91·6 | 100·2 | 135·1 | 191·8 |
| Exports ... | 57·9 | 63·2 | 65·7 | 113·4 | 128·9 |
| Import surplus | 13·2 | 28·4 | 34·5 | 21·7 | 62·9 |

The increase in imports shown during 1937 is largely due to purchases of ships, which have risen from Kr.9·4 millions in 1936 to Kr.36·5 millions in 1937. The latest returns show that only eight vessels of 19,975 tons d.w. were lying idle on March 1st, so that practically the whole Norwegian merchant fleet is in commission.

During the month ended March 15th, the wholesale price-index number rose from 147 to 150 (1913 = 100). The cost-of-living index on February 15th was 159 (July, 1914 = 100), or a rise of one point since January. The official return of unemployment showed a decrease between January and February from 35,435 to 34,440. The parallel figures for 1936 were 40,263 and 40,177. A number of wage agreements are now expiring and fresh negotiations through the official

State Mediator are now in progress. Index numbers of industrial production are shown below (first half of 1933 = 100):

| | Home Industries | | Export Industries | | All Industries | |
|---|---|---|---|---|---|---|
| | Dec. | Jan. | Dec. | Jan. | Dec. | Jan. |
| 1933 ... | 104 | 90 | 108 | 100 | 105 | 93 |
| 1934 ... | 105 | 95 | 115 | 95 | 109 | 95 |
| 1935 ... | 117 | 98 | 112 | 116 | 116 | 104 |
| 1936 ... | 130 | 110 | 120 | 127 | 127 | 115 |
| 1937 ... | — | 130 | — | 118 | — | 125 |

Sales of whale oil and sperm oil for this season to date amount to Kr.63 millions, against Kr.65·5 millions last year. This season's catch is estimated at 955,000 barrels of whale oil and 22,300 barrels of sperm oil, against returns for last season of 1,090,000 barrels of whale oil and 10,000 barrels of sperm oil. Sixty thousand tons of oil from this season's catch have now been sold to Germany at a basic price of £21 10s. per ton. This represents a sale of about Kr.26 millions, which will be settled through the clearing. Other sales have been made at £21 per ton.

A new loan of Kr.56 millions at 4½ per cent. is to be offered to redeem the outstanding 5 per cent. loans of the Norwegian State Bank for Dwellings and Small-holdings. If this offer is well received by the public, the Government may decide to redeem or convert the 1922 5 per cent. State Loan.

## Sweden

The timber market has been active with a keen demand from France, Belgium and Holland. The new Russian offerings of 50,000 standards at higher prices caused a further rise in prices all along the line, intensified by a shortage of certain specifications for which there is a special demand. By the middle of March, however, there were signs that the advance in prices had been checked. Sales since the beginning of the year have reached the abnormally high total of 575,000 standards.

The pulp market is in a position without precedent for many years. The current year's output of sulphate and bleached sulphite is practically sold out, and only small quantities of other kinds of sulphite are available. Only one-third of the 1938 sulphate output and barely one-half of the 1938 sulphite output remains unsold. The Northern countries'

mills are showing signs of being sold out of wet mechanical pulp, and several important contracts have been signed for 1938 shipment.

In the paper export market buyers have shown keen interest and prices are advancing. World consumption of newsprint is heavy, and considerable increases in contract prices are expected next year. Producers therefore are in no hurry to enter into 1938 contracts. The Scankraft mills are bound not to commit themselves to delivery dates more than six months ahead, and buyers are bidding high premiums over minimum prices in order to secure delivery. Sulphite paper has not risen quite as sharply as kraft paper, but prices are firm and the turnover is satisfactory.

The iron foundries are experiencing a shortage of scrap, coke and charcoal, which is affecting production. The iron-works have heavy order-books, and are exercising restraint in concluding fresh sales. Buyers, on the other hand, are anxious to place substantial business, if possible for a long time ahead. There is a considerable shortage of coke pig-iron, while charcoal pig-iron is not to be had for delivery before 1938. Prices are rising.

## Denmark

The rise in world prices is beginning to affect Denmark's foreign trade balance. During the twelve months to February last, the general wholesale price-index number for Denmark rose from 126 to 140, but whereas the price index for Danish exports has fallen from 155 to 142, the index for imported goods has risen from 130 to 155. This divergence of price trends is reflected in the trade returns. Comparing February, 1936 and 1937, exports have only risen from Kr.113·1 to Kr.118·6 millions, while imports have increased from Kr.99·4 to Kr.119·9 millions. An export surplus of Kr.13·7 millions has thus turned into an import surplus of Kr.1·3 millions. This change is due to heavier grain imports and also to the trend of import and export prices. Fortunately, there has been an increase in the net earnings of Danish shipping, which is helping to maintain the balance of payments in spite of this big increase in imports. The recent reports of the shipping companies are much better than those of a year ago, and there has been an active market in shipping shares, and also in industrials, on the Bourse.

Between February 15th and March 15th there was some deterioration in the foreign exchange position of the National Bank. Assets fell from Kr.20·9 to Kr.16·7 millions, while liabilities rose from Kr.26·8 to Kr.28·4 millions. Unemployment has fallen during the past year from 133,662 (or 30·5 per cent.) to 128,069 (or 29·6 per cent.) The results for the current financial year are better than had been anticipated. Revenue is Kr.34 millions above the original budget estimates, both direct and indirect taxation having proved unexpectedly fruitful. The cost of different relief measures has raised expenditure by about Kr.19 millions above the estimates, but nevertheless there will be an actual surplus of Kr.17·6 millions, compared with an estimated surplus of about one million kroner.

## Switzerland

*From Lloyds & National Provincial Foreign Bank Limited*

Money remains very easy, and the Ville de Zurich is now offering a loan at a price of 98, bearing interest at 3½ per cent. Swiss Bonds remain steady with a hardening tendency, and industrial shares have maintained their prices. Imports for February increased by Frs.24·7 millions, while exports increased by Frs.9·6 millions. The principal increases in exports were in those of textiles, watches and pieces, while there was a slight decrease in aniline dyes. Great Britain takes the third place in sales to Switzerland, but is still very much below Germany and France, the returns for February being :—

*Imports from—*

| | |
|---|---|
| Germany ... ... ... | Frs. 31·2 millions. |
| France ... ... ... ... | Frs. 20·7 millions. |
| Great Britain ... ... ... | Frs. 9·6 millions. |

On the other hand the United Kingdom was a substantial purchaser of Swiss goods, exports to Great Britain amounting to Frs.10·1 millions, compared with Frs.15·4 millions to Germany and Frs.9·7 millions to France.

## Morocco

*From the Bank of British West Africa Limited*

Business conditions in the French zone during the past month have been quiet, as is usual at this time of the year. They have also been affected by uncertainty over the future

international value of the franc. Stocks of cotton goods have remained moderate and orders for Japanese goods have continued to be restricted in volume. Stocks of tea have been moderate with small demand. The wheat situation has been dominated by the various measures tending to official control over the disposal of existing stocks and by preliminary discussions of the Government project for the establishment of an " Office de Blé " in Morocco on similar lines to the " Office de Blé " operating in France. Since the last stock census, some 182,000 quintals have been licensed for export to France under the " quota," and a further 120,000 quintals have been earmarked to form a milling reserve. Local consumption between now and the end of June is estimated to be sufficient to absorb the balance of the soft wheat stocks, and it is anticipated there will be no carry-over to the next harvest.

In the northern districts rains have lately fallen in sufficient quantity, and though weather conditions have been rather stormy, crop prospects continue good. There has been an absence of rain in the southern areas, but it may not be too late for recovery to take place if rain comes soon.

The new sardine industry continues to develop, and shipments have been made to this country.

## The United States

There has been a further expansion in business activity, particularly in the steel and automobile industries. On the other hand the labour outlook, with its possible reactions, is obscure. The Committee of Industrial Organisation, under the leadership of Mr. John L. Lewis, has made considerable progress. The terms of settlement of the strike at General Motors included the recognition of the Committee of Industrial Organisation, while one of the leading companies in the United States Steel Corporation has since accorded recognition. During March a serious strike was in progress at the Chrysler works, while there were numerous small strikes in many centres. Labour in general appears to feel that it has the sympathy of the Administration at Washington, and there is a feeling in business circles that a higher level of money wages for industrial workers must be expected.

A further increase in the legal minimum cash reserves of member banks has come into effect, and excess reserves were

reduced by about \$750 millions. Issues of Veterans' Bonus Bonds up to February 20th are returned at over \$1,799 millions, of which \$1,368 millions have been redeemed for cash by the Treasury. The average discount rate for nine months' Treasury bills is a fraction under ½ per cent.

The outlook for the sugar market is very uncertain. The President has recently suggested the imposition of an excise duty of ¾ cent per lb. on sugar. A duty of only ½ cent had been expected, and it is also suggested that the Commercial Treaty with Cuba prevents any duty higher than ½ cent from being imposed. Prices consequently have been irregular. The rubber market has been strong and active. There is a great scarcity of crêpe rubber which has recently commanded a premium of 2 cents per lb. over standard sheets, the latter being quoted early in March at 22·88 cents per lb.

Copper prices continue to advance as the result of heavy buying, but the February returns show that there was an appreciable increase in American production, compared with the previous month. Other non-ferrous metal prices have risen considerably, and business has been brisk. There will probably be an increase in the production of lead and zinc, but any extra supplies will not be available for some weeks to come.

During February the number of furnaces in blast increased from 170 to 174, and the daily output of pig-iron rose between January and February from 103,600 to 107,000 tons. There is a serious shortage of pig-iron, with no immediate prospect of an improvement, owing to the shortage of ore and coke and the need of repairs to those furnaces out of blast. The steel trade is working at over 85 per cent. of estimated capacity, and costs are rising. Wage increases have been announced by a number of companies, and rates of a time-and-a-half are to be paid for work in excess of a forty-hour week.

Raw cotton prices have been rising since late February, and it is estimated that at least 550,000 bales of Government "loan" cotton have been realised. Demand for cotton goods was quiet during February, but a heavy buying movement has since developed. Prices are firmer, and as the mills still have a substantial volume of unfilled orders they are unwilling to reduce prices, especially as there is always the possibility of demands for higher wages.

## South America

*From the Bank of London & South America Limited*

*Argentina.*—Good general rains fell in March and have prevented further losses of the new maize crop. Even the late sown maize is now ripening well. The recent hot spells, however, have taken toll of the crop to the extent of about 40 per cent. of the area sown. There is a marked improvement in Argentina's export trade compared with a year ago. This is illustrated in the following table :—

| | Volume January–February | | "Market" Value January–February | |
|---|---|---|---|---|
| | 1936 | 1937 | 1936 | 1937 |
| | tons | tons | pesos | pesos |
| Wheat ... ... | 235,683 | 1,643,550 | 23,778,291 | 183,158,943 |
| Maize ... ... | 1,269,106 | 1,786,656 | 54,864,007 | 109,330,543 |
| Linseed ... ... | 308,370 | 441,954 | 43,553,564 | 62,329,750 |
| Oats ... ... | 19,463 | 93,835 | 1,142,336 | 5,647,043 |
| Barley ... ... | 30,941 | 143,029 | 1,544,411 | 11,725,080 |
| Rye ... ... | 13,314 | 36,143 | 676,018 | 4,201,411 |

This year's shipments of wheat and maize to the end of February are the highest on record. Percentage increases in average prices, compared with the first two months of 1936, are maize, 41·5 per cent.; wheat, 10·5 per cent.; oats, 2·5 per cent.; barley, 64·3 per cent., and rye, 129 per cent. Linseed is unchanged. Shipments of wool, meat and hides were less in volume than a year ago, but owing to the intervening rise in the prices of wool and hides, they were greater in value. Wool prices have risen by 50 per cent.

## Japan

A cable received towards the end of March indicates a general intensification of activity. The upward trend of commodity prices is accelerating, and production, railway traffics and bank clearings are expanding. Raw material imports remain heavy, but there is no comparable increase in exports. Great activity prevails on the Stock Exchange. There is an enormous turnover and quotations are advancing. The demand for credit is increasing and the note circulation is expanding in spite of recent gold shipments.

# Statistics

## BANK OF ENGLAND

### Issue Department

| | Note Circulation. | Govt. Debt. | Other Govt. Securities. | Other Securities. | Silver Coin. | Fiduciary Issue. | Gold. |
|---|---|---|---|---|---|---|---|
| | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. |
| End March, 1931 | 357·1 | 11·0 | 232·0 | 12·9 | 4·0 | 260·0 | 144·5 |
| ,, ,, 1932 | 360·5 | 11·0 | 240·9 | 19·3 | 3·8 | 275·0 | 120·8 |
| ,, ,, 1933 | 367·1 | 11·0 | 249·9 | 10·5 | 3·6 | 275·0 | 171·8 |
| ,, ,, 1934 | 378·8 | 11·0 | 245·4 | 0·1 | 3·5 | 260·0 | 191·1 |
| ,, ,, 1935 | 381·4 | 11·0 | 246·7 | 0·2 | 2·1 | 260·0 | 192·5 |
| ,, ,, 1936 | 406·5 | 11·0 | 246·5 | 1·5 | 1·0 | 260·0 | 200·6 |
| Mar. 17, 1936 | 463·8 | 11·0 | 187·1 | 1·9 | — | 200·0 | 313·7 |
| Mar. 24, 1937 | 470·5 | 11·0 | 187·2 | 1·8 | — | 200·0 | 313·7 |

### Banking Department

| | Public Deposits. | Bankers' Deposits. | Other Deposits. | Govt. Securities. | Discounts and Advances. | Other Securities. | Reserve. | Proportion. |
|---|---|---|---|---|---|---|---|---|
| | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | % |
| End March, 1931 | 17·2 | 58·8 | 34·7 | 30·3 | 24·6 | 25·7 | 48·3 | 43·6 |
| ,, ,, 1932 | 27·2 | 54·6 | 34·4 | 35·7 | 11·7 | 51·1 | 35·9 | 30·9 |
| ,, ,, 1933 | 21·2 | 92·8 | 35·0 | 57·7 | 11·8 | 17·2 | 80·6 | 54·0 |
| ,, ,, 1934 | 17·5 | 94·5 | 36·9 | 77·1 | 5·6 | 11·0 | 73·4 | 49·2 |
| ,, ,, 1935 | 20·1 | 96·6 | 41·2 | 87·6 | 5·6 | 11·4 | 71·7 | 45·3 |
| ,, ,, 1936 | 18·0 | 83·6 | 37·0 | 80·3 | 5·0 | 16·7 | 54·9 | 39·6 |
| Mar. 17, 1936 | 22·8 | 94·0 | 37·3 | 94·9 | 3·8 | 22·9 | 50·8 | 33·0 |
| Mar. 24, 1937 | 27·9 | 82·0 | 37·6 | 94·5 | 4·8 | 22·3 | 44·1 | 29·9 |

## LONDON CLEARING BANKS (monthly averages)

| | Deposits. | Acceptances, Guarantees, etc. | Cash. | Balances and Cheques. | Call Money. | Bills. | Investments. | Advances. |
|---|---|---|---|---|---|---|---|---|
| | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. |
| March, 1931 | 1,763·9 | 121·5 | 184·0 | 43·5 | 114·1 | 240·4 | 311·1 | 936·1 |
| ,, 1932 | 1,676·4 | 98·7 | 174·0 | 43·4 | 112·5 | 216·8 | 281·9 | 902·1 |
| ,, 1933 | 1,925·2 | 95·8 | 207·0 | 40·1 | 108·7 | 348·1 | 510·2 | 766·2 |
| ,, 1934 | 1,830·6 | 112·8 | 218·9 | 43·5 | 120·4 | 202·1 | 547·1 | 753·0 |
| ,, 1935 | 1,923·3 | 117·7 | 214·0 | 43·6 | 133·4 | 207·0 | 614·4 | 766·8 |
| ,, 1936* | 2,108·3 | 105·2 | 216·7 | 53·8 | 162·4 | 252·0 | 635·1 | 849·2 |
| Jan., 1937* | 2,307·2 | 110·6 | 237·7 | 59·7 | 179·4 | 345·1 | 669·3 | 880·0 |
| Feb., 1937* | 2,273·8 | 115·2 | 230·1 | 59·3 | 166·5 | 306·6 | 671·3 | 903·5 |

* Includes the District Bank.

## LONDON BANKERS' CLEARING HOUSE RETURNS

| | Town Clearing | Metropolitan Clearing | Country Clearing | Total |
|---|---|---|---|---|
| | £ mn. | £ mn. | £ mn. | £ mn. |
| 1930 ... ... ... ... | 38,782 | 1,812 | 2,964 | 43,558 |
| 1931 ... ... ... ... | 31,816 | 1,668 | 2,752 | 36,236 |
| 1932 ... ... ... ... | 27,834 | 1,610 | 2,668 | 32,112 |
| 1933 ... ... ... ... | 27,715 | 1,657 | 2,766 | 32,138 |
| 1934 ... ... ... ... | 30,740 | 1,760 | 2,984 | 35,484 |
| 1935 ... ... ... ... | 32,444 | 1,887 | 3,229 | 37,560 |
| 1936 ... ... ... ... | 35,039 | 2,040 | 3,538 | 40,617 |
| 1936 to March 25 ... ... | 7,647 | 472 | 809 | 8,928 |
| 1937 to March 24 ... ... | 9,170 | 521 | 897 | 10,588 |
| 1936, March (4 weeks) ... | 2,599 | 150 | 262 | 3,011 |
| 1937, March (4 weeks) ... | 3,153 | 170 | 290 | 3,613 |

## BANKERS' PROVINCIAL CLEARING RETURNS

| | Mar., 1929 | Mar., 1932 | Mar., 1933 | Mar., 1934 | Mar., 1935 | Mar., 1936 | Jan., 1937 | Feb., 1937 |
|---|---|---|---|---|---|---|---|---|
| | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. |
| Birmingham ... ... | 11·9 | 9·0 | 9·7 | 11·3 | 9·6 | 10·7 | 14·0 | 12·2 |
| Bradford ... ... | 5·9 | 3·4 | 3·3 | 4·2 | 3·8 | 4·7 | 5·2 | 4·5 |
| Bristol ... ... | 5·3 | 4·9 | 5·0 | 5·4 | 4·9 | 5·5 | 5·5 | 5·5 |
| Hull ... ... ... | 4·0 | 3·0 | 3·2 | 3·2 | 3·2 | 3·4 | 4·3 | 4·1 |
| Leeds... ... ... | 4·4 | 3·8 | 3·8 | 4·4 | 4·3 | 3·9 | 5·4 | 4·4 |
| Leicester ... ... | 3·6 | 3·1 | 3·1 | 3·3 | 2·8 | 3·1 | 3·6 | 3·3 |
| Liverpool ... ... | 34·2 | 25·6 | 25·6 | 26·8 | 25·8 | 27·5 | 32·8 | 30·4 |
| Manchester ... ... | 58·0 | 42·5 | 42·1 | 46·1 | 42·8 | 44·9 | 48·4 | 47·4 |
| Newcastle-on-Tyne... | 6·5 | 5·7 | 6·5 | 6·9 | 5·5 | 5·7 | 6·2 | 6·2 |
| Nottingham ... ... | 2·8 | 1·9 | 1·9 | 2·0 | 2·0 | 2·1 | 2·5 | 2·3 |
| Sheffield ... ... | 4·6 | 3·3 | 3·5 | 3·6 | 3·4 | 4·3 | 4·8 | 4·9 |
| | 141·2 | 106·2 | 107·7 | 117·2 | 108·1 | 115·8 | 132·7 | 125·2 |

## LONDON AND NEW YORK MONEY RATES

| | London. | | | | | New York. | | |
|---|---|---|---|---|---|---|---|---|
| | Bank Rate. | Treasury Bills. Tender Rate. | Treasury Bills. Market Rate. | 3 Months' Bank Bills. | Short Loans. | F.R.B. Re-discount Rate | Call Money. | Accept-ances. |
| | Percent. | Percent. | Per cent. | Per cent. | Per cent. | Per cent. | Per cent. | Per cent. |
| End March, 1931 | 3 | $2\frac{17}{32}$ | $2\frac{9}{16}$–$2\frac{5}{8}$ | $2\frac{9}{16}$–$2\frac{5}{8}$ | 2–$2\frac{1}{2}$ | 2 | $1\frac{1}{2}$ | $1\frac{5}{8}$ |
| " " 1932 | $3\frac{1}{2}$ | $2\frac{5}{32}$ | $1\frac{7}{8}$ | $2\frac{1}{8}$–$2\frac{1}{4}$ | 2–3 | 3 | $2\frac{1}{2}$ | $2\frac{1}{2}$ |
| " " 1933 | 2 | $\frac{19}{32}$ | $\frac{9}{16}$–$\frac{5}{8}$ | $\frac{5}{8}$ | $\frac{1}{2}$–1 | $3\frac{1}{2}$ | 3 | $2\frac{1}{2}$ |
| " " 1934 | 2 | $\frac{29}{32}$ | $\frac{7}{8}$ | $\frac{15}{16}$ | $\frac{3}{4}$–1 | $1\frac{1}{2}$ | 1 | $\frac{1}{4}$ |
| " " 1935 | 2 | $\frac{1}{2}$ | $\frac{1}{2}$–$\frac{17}{32}$ | $\frac{9}{16}$–$\frac{5}{8}$ | $\frac{1}{2}$–1 | $1\frac{1}{2}$ | 1 | $\frac{3}{16}$ |
| " " 1936 | 2 | $\frac{17}{32}$ | $\frac{1}{2}$ | $\frac{17}{32}$–$\frac{9}{16}$ | $\frac{1}{2}$–1 | $1\frac{1}{2}$ | $\frac{3}{4}$ | $\frac{3}{16}$ |
| Feb. 24th, 1937 | 2 | $\frac{9}{16}$ | $\frac{1}{2}$ | $\frac{9}{16}$ | $\frac{1}{2}$–1 | $1\frac{1}{2}$ | 1 | $\frac{3}{16}$ |
| Mar. 24th, 1937 | 2 | $\frac{1}{2}$ | $\frac{1}{2}$ | $\frac{17}{32}$–$\frac{9}{16}$ | $\frac{1}{2}$–1 | $1\frac{1}{2}$ | 1 | $\frac{3}{16}$ |

## FOREIGN EXCHANGES

| London on | 1935 Mar. 27 | 1936 Mar. 25 | 1937 Feb. 24 | 1937 Mar. 3 | 1937 Mar. 10 | 1937 Mar. 17 | 1937 Mar. 24 |
|---|---|---|---|---|---|---|---|
| New York— | | | | | | | |
| (a) Spot ... | $4\cdot79\frac{1}{16}$ | $4\cdot96\frac{3}{16}$ | $4\cdot89\frac{1}{32}$ | $4\cdot88\frac{15}{16}$ | $4\cdot88\frac{9}{16}$ | $4\cdot88\frac{5}{8}$ | $4\cdot88\frac{9}{16}$ |
| (b) 3 months | $\frac{3}{16}$c. pm. | $\frac{11}{16}$c. pm. | $\frac{11}{16}$c. pm. | $\frac{7}{8}$c. pm. | $\frac{13}{16}$c. pm. | $\frac{7}{8}$c. pm. | $\frac{21}{32}$c. pm. |
| Montreal ... | $4\cdot82\frac{5}{8}$ | $4\cdot97\frac{3}{8}$ | 4·89 | 4·89 | $4\cdot88\frac{9}{16}$ | $4\cdot88\frac{1}{4}$ | $4\cdot87\frac{11}{16}$ |
| Paris— | | | | | | | |
| (a) Spot ... | $72\frac{3}{4}$ | $74\frac{31}{32}$ | $105\frac{1}{8}$ | $105\frac{1}{8}$ | $106\frac{7}{8}$ | $106\frac{17}{32}$ | $106\frac{11}{32}$ |
| (b) 3 months | $42\frac{1}{2}$c. dis. | Fr.$2\frac{3}{8}$ dis. | Fr.$2\frac{13}{16}$ dis. | Fr.$2\frac{15}{16}$ dis. | Fr.$1\frac{1}{2}$ dis. | Fr.2 dis. | Fr.$1\frac{13}{16}$ dis. |
| Berlin— | | | | | | | |
| (a) Official ... | $11\cdot93\frac{1}{2}$ | 12·31 | 12·16 | $12\cdot15\frac{1}{2}$ | $12\cdot14\frac{1}{2}$ | 12·15 | $12\cdot15\frac{1}{2}$ |
| (b) Registered Marks | $43\frac{1}{2}$% dis. | $48\frac{1}{4}$% dis. | $51\frac{3}{4}$% dis. | $51\frac{1}{4}$% dis. | 51% dis. | $51\frac{5}{8}$% dis. | $51\frac{3}{8}$% dis. |
| Amsterdam ... | $7\cdot09\frac{3}{8}$ | $7\cdot27\frac{3}{4}$ | $8\cdot93\frac{1}{4}$ | $8\cdot92\frac{7}{8}$ | $8\cdot92\frac{3}{4}$ | $8\cdot93\frac{5}{8}$ | $8\cdot92\frac{7}{8}$ |
| Brussels ... | 22·25 | $29\cdot25\frac{1}{2}$ | $29\cdot02\frac{1}{2}$ | 29·02 | 28·99 | 29·01 | 29·02 |
| Milan ... ... | $58\frac{1}{32}$ | $62\frac{3}{8}$ | $92\frac{15}{16}$ | $92\frac{7}{8}$ | $92\frac{27}{32}$ | $92\frac{13}{16}$ | $92\frac{13}{16}$ |
| Zurich ... | 14·82 | 15·16 | 21·44 | $21\cdot42\frac{1}{2}$ | $21\cdot41\frac{3}{4}$ | $21\cdot45\frac{1}{2}$ | $21\cdot44\frac{1}{2}$ |
| Stockholm ... | 19·40 | $19\cdot39\frac{1}{2}$ | $19\cdot39\frac{1}{4}$ | $19\cdot39\frac{1}{4}$ | $19\cdot39\frac{1}{4}$ | $19\cdot39\frac{1}{2}$ | $19\cdot39\frac{1}{4}$ |
| Madrid ... | $35\frac{3}{32}$ | $36\frac{3}{16}$ | 72·00* | 73·00* | 77·50* | 77·50* | 77·50* |
| Vienna... ... | $25\frac{1}{2}$* | $26\frac{1}{2}$ | $26\frac{1}{8}$ | $26\frac{1}{2}$ | $26\frac{1}{8}$ | $26\frac{1}{8}$ | $26\frac{1}{8}$ |
| Prague... ... | $114\frac{5}{8}$ | $119\frac{1}{8}$ | $140\frac{5}{16}$ | $140\frac{1}{8}$ | 140 | $140\frac{1}{8}$ | $140\frac{1}{16}$ |
| Buenos Aires— | | | | | | | |
| (a) Export ... | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| (b) Import ... | 16·91 | 17·02 | 16·00 | 16·00 | 16·00 | 16·00 | 16·00 |
| (c) Free ... | 18·91 | $18\cdot02\frac{1}{2}$ | 16·27 | 16·28 | 16·24 | 16·27 | 16·24 |
| Rio de Janeiro— | | | | | | | |
| (a) Official ... | $4\frac{9}{32}$ | $4\frac{3}{16}$ | $4\frac{9}{32}$ | $4\frac{9}{32}$ | $4\frac{9}{32}$ | $4\frac{5}{16}$ | $4\frac{1}{16}$ |
| (b) Free ... | $3\frac{1}{16}$ | $2\frac{11}{16}$ | $3\frac{1}{32}$ | 3 | 3 | 3 | $3\frac{1}{32}$ |
| Valparaiso ... | 115 | 129 | $131\frac{1}{2}$ | $131\frac{1}{2}$* | $131\frac{1}{2}$* | $131\frac{1}{2}$* | $131\frac{1}{2}$* |
| Bombay ... | $18\frac{1}{8}$d. | $18\frac{1}{8}$d. | $18\frac{1}{8}$d. | $18\frac{1}{8}$d. | $18\frac{1}{8}$d. | $18\frac{1}{8}$d. | $18\frac{1}{8}$d. |
| Hong Kong ... | $24\frac{1}{2}$d. | $15\frac{3}{4}$d. | $14\frac{15}{16}$d. | $14\frac{15}{16}$d. | $14\frac{15}{16}$d. | $14\frac{15}{16}$d. | $14\frac{15}{16}$d. |
| Kobe ... ... | $1/2\frac{1}{16}$ | $1/1\frac{31}{32}$ | 1/2 | 1/2 | 1/2 | 1/2 | 1/2 |
| Shanghai ... | $19\frac{3}{8}$d. | $14\frac{1}{2}$d. | $14\frac{5}{8}$d. | $14\frac{5}{8}$d. | $14\frac{5}{8}$d. | $14\frac{5}{8}$d. | $14\frac{5}{8}$d. |
| Gold price ... | 145s. $11\frac{3}{8}$d. | 140s. $9\frac{1}{2}$d. | 142s. $2\frac{1}{2}$d. | 142s. $2\frac{1}{2}$d. | 142s. $2\frac{1}{2}$d. | 142s. 4d. | 142s. $3\frac{1}{2}$d. |
| Silver price ... | $28\frac{7}{16}$d. | $20\frac{3}{16}$d. | $20\frac{1}{16}$d. | $20\frac{7}{16}$d. | $20\frac{7}{16}$d. | $20\frac{15}{16}$d. | $20\frac{9}{16}$d. |

* Nominal.

# PUBLIC REVENUE AND EXPENDITURE

| | 1932–3 | 1933–4 | 1934–5 | 1935–6 | 1935–6 to Mar. 21 | 1936–7 to Mar. 20 |
|---|---|---|---|---|---|---|
| REVENUE— | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. |
| Income Tax ... ... ... | 251·5 | 228·9 | 228·9 | 238·1 | 230·2 | 247·5 |
| Sur-Tax ... ... ... | 60·7 | 52·6 | 51·2 | 51·0 | 47·8 | 49·8 |
| Estate Duties... ... ... | 77·1 | 85·3 | 81·3 | 87·9 | 85·5 | 84·2 |
| Stamps ... ... ... | 19·2 | 22·7 | 24·1 | 25·8 | 23·7 | 27·6 |
| Customs ... ... ... | 167·2 | 179·2 | 185·1 | 196·6 | 192·0 | 206·0 |
| Excise ... ... ... | 120·9 | 107·0 | 104·6 | 106·7 | 105·9 | 108·7 |
| Motor Vehicles Duties (Exchequer Share) ... | 5·0 | 5·2 | 5·1 | 5·0 | 5·0 | 5·1 |
| Other Tax Revenue ... ... | 3·1 | 2·6 | 3·1 | 2·1 | 1·7 | 1·7 |
| Total Tax Revenue ... ... | 704·7 | 683·5 | 683·4 | 713·2 | 691·8 | 730·6 |
| Post Office ... ... ... | 10·9 | 13·1 | 12·2 | 11·7 | 12·7 | 12·9 |
| Crown Lands... ... ... | 1·2 | 1·2 | 1·3 | 1·4 | 1·3 | 1·3 |
| Receipts from Sundry Loans | 5·1 | 4·7 | 4·4 | 4·9 | 5·0 | 4·5 |
| Miscellaneous Receipts ... | 22·9 | 22·1 | 15·1 | 21·7 | 17·5 | 17·7 |
| Total Non-Tax Revenue ... | 40·1 | 41·1 | 33·0 | 39·7 | 36·5 | 36·4 |
| Total Ordinary Revenue ... | 744·8 | 724·6 | 716·4 | 752·9 | 728·3 | 767·0 |
| Post Office ... ... ... | 59·3 | 59·3 | 61·8 | 66·1 | 63·7 | 68·3 |
| Road Fund ... ... ... | 22·9 | 25·5 | 26·4 | 25·8 | 25·6 | 27·2 |
| Total Self-balancing Revenue ... | 82·2 | 84·8 | 88·2 | 91·9 | 89·3 | 95·5 |
| EXPENDITURE— | | | | | | |
| National Debt Interest ... | 262·3 | 212·9 | 211·6 | 211·5 | 209·8 | 209·3 |
| Payments to N. Ireland ... | 7·0 | 6·6 | 6·8 | 7·2 | 5·7 | 6·7 |
| Other Cons. Fund Services ... | 3·3 | 4·1 | 3·6 | 5·7 | 3·0 | 2·9 |
| Post Office Fund ... ... | — | — | 2·3 | 1·1 | 1·1 | 0·4 |
| Supply Services ... ... | 458·3 | 458·8 | 472·2 | 512·0 | 504·5 | 551·8 |
| Total Ordinary Expenditure ... | 730·9 | 682·4 | 696·5 | 737·5 | 724·1 | 771·1 |
| Sinking Fund ... ... ... | 17·2 | 7·7 | 12·3 | 12·5 | 11·9 | 11·6 |
| Payments to U.S. Govt. ... | 29·0 | 3·3 | — | — | — | — |
| Self-balancing Expenditure (as per contra) ... ... | 82·2 | 84·8 | 88·2 | 91·9 | 89·3 | 95·5 |

## PRODUCTION

| | Coal | Pig-Iron | Steel |
|---|---|---|---|
| | Tons mill. | Tons thous. | Tons thous. |
| Total 1913 ... ... ... | 287·4 | 10,260 | 7,664 |
| „ 1925 ... ... ... | 243·2 | 6,262 | 7,385 |
| „ 1929 ... ... ... | 257·9 | 7,589 | 9,636 |
| „ 1930 ... ... ... | 243·9 | 6,192 | 7,326 |
| „ 1931 ... ... ... | 219·5 | 3,773 | 5,203 |
| „ 1932 ... ... ... | 208·7 | 3,574 | 5,261 |
| „ 1933 ... ... ... | 207·1 | 4,136 | 7,024 |
| „ 1934 ... ... ... | 221·0 | 5,969 | 8,850 |
| „ 1935 ... ... ... | 222·9 | 6,426 | 9,842 |
| „ 1936 ... ... ... | 228·5 | 7,686 | 11,705 |
| Total to February, 1936 ... | 41·2 | 1,180 | 1,850 |
| Total to February, 1937 ... | 39·3 | 1,254 | 1,995 |

## BOARD OF TRADE PRODUCTION INDEX NUMBER (1930 = 100)

| | Complete Year | | 1935 | 1936 | | | |
|---|---|---|---|---|---|---|---|
| | 1935. | 1936. | 4th Qr. | 1st Qr. | 2nd Qr. | 3rd Qr. | 4th Qr. |
| Mines and Quarries ... ... | 91·7 | 94·4 | 98·1 | 100·6 | 88·4 | 89·7 | 99·1 |
| Iron and Steel... ... ... | 125·6 | 150·1 | 133·3 | 146·2 | 149·5 | 149·1 | 155·6 |
| Non-Ferrous Metals ... ... | 137·3 | 143·8 | 132·1 | 134·8 | 140·9 | 145·3 | 154·0 |
| Engineering and Shipbuilding | 104·8 | 123·1 | 108·0 | 116·3 | 122·4 | 121·6 | 132·2 |
| Building Materials and Building | 147·0 | 156·8 | 150·2 | 148·8 | 157·8 | 164·3 | 156·2 |
| Textiles ... ... ... | 118·9 | 126·1 | 126·5 | 126·9 | 124·4 | 122·7 | 130·2 |
| Chemicals, Oils, etc. ... ... | 110·6 | 114·3 | 119·0 | 115·5 | 112·0 | 110·6 | 119·2 |
| Leather and Boots and Shoes | 116·0 | 120·7 | 122·1 | 126·0 | 120·9 | 116·3 | 119·5 |
| Food, Drink and Tobacco ... | 107·6 | 114·5 | 113·9 | 106·9 | 114·5 | 115·2 | 121·2 |
| Total* ... ... ... ... | 113·5 | 124·5 | 120·7 | 123·1 | 123·4 | 122·4 | 132·1 |

* Includes paper and printing, gas and electricity, rubber, cement and tiles.

## UNEMPLOYMENT

### (a) Percentage of Insured Workers

| Date | 1929 | 1930 | 1931 | 1932 | 1934 | 1935 | 1936 | 1937 |
|---|---|---|---|---|---|---|---|---|
| End of— | | | | | | | | |
| January | 12·3 | 12·4 | 21·5 | 22·4 | 18·6 | 17·6 | 16·2 | 12·6 |
| February | 12·1 | 12·9 | 21·7 | 22·0 | 18·1 | 17·5 | 15·3 | 12·2 |
| March | 10·0 | 13·7 | 21·5 | 20·8 | 17·2 | 16·4 | 14·2 | |
| April | 9·8 | 14·2 | 20·9 | 21·4 | 16·6 | 15·6 | 13·6 | |
| May | 9·7 | 15·0 | 20·8 | 22·1 | 16·2 | 15·5 | 12·8 | |
| June | 9·6 | 15·4 | 21·2 | 22·2 | 16·4 | 15·4 | 12·8 | |
| July | 9·7 | 16·7 | 22·0 | 22·8 | 16·7 | 15·3 | 12·4 | |
| August | 9·9 | 17·1 | 22·0 | 23·0 | 16·5 | 14·9 | 12·1 | |
| September | 10·0 | 17·6 | 22·6 | 22·8 | 16·1 | 15·0 | 12·1 | |
| October | 10·3 | 18·7 | 21·9 | 21·9 | 16·3 | 14·5 | 12·1 | |
| November | 10·9 | 19·1 | 21·4 | 22·2 | 16·3 | 14·5 | 12·2 | |
| December | 11·0 | 20·2 | 20·9 | 21·7 | 16·0 | 14·1 | 12·2 | |

### (b) Actual Numbers Unemployed (in thousands)

| | Mar., 1932 | Mar., 1933 | Mar., 1934 | Mar., 1935 | Feb., 1936 | Mar., 1936 | Jan., 1937 | Feb., 1937 |
|---|---|---|---|---|---|---|---|---|
| Number of Insured Persons unemployed— | | | | | | | | |
| Wholly unemployed | 2,129 | 2,205 | 1,814 | 1,727 | 1,661 | 1,551 | 1,415 | 1,384 |
| Temporarily stopped | 427 | 511 | 317 | 324 | 264 | 240 | 188 | 165 |
| Normally in casual employment ... | 104 | 105 | 94 | 92 | 91 | 88 | 74 | 76 |
| Total ... ... ... | 2,660 | 2,821 | 2,225 | 2,143 | 2,016 | 1,879 | 1,677 | 1,625 |

## RAILWAY TRAFFIC RECEIPTS

| | Four weeks ended | | | | Aggregate for 11 weeks. | | | |
|---|---|---|---|---|---|---|---|---|
| | Mar. 22, 1936. | | Mar. 21, 1937. | | 1936. | | 1937. | |
| | Passengers. | Goods. | Passengers. | Goods. | Passengers. | Goods. | Passengers. | Goods. |
| | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. |
| Great Western ... | 0·6 | 1·2 | 0·7 | 1·3 | 1·7 | 3·3 | 1·8 | 3·4 |
| London & North Eastern* ... ... | 1·0 | 2·3 | 1·0 | 2·4 | 2·7 | 6·5 | 2·8 | 6·5 |
| London Midland & Scottish ... ... | 1·5 | 3·1 | 1·6 | 3·2 | 4·1 | 8·3 | 4·2 | 8·6 |
| Southern ... ... | 1·0 | 0·4 | 1·0 | 0·4 | 2·6 | 1·0 | 2·7 | 1·0 |
| Total ... ... ... | 4·1 | 7·0 | 4·3 | 7·3 | 11·1 | 19·1 | 11·5 | 19·5 |

* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines.

## RETAIL TRADE

*(from the Board of Trade Journal)*

**Change in value since same date in previous year**

| | Feb., 1934 | Feb., 1935 | Feb., 1936 | Jan., 1937 | Feb., 1937 |
|---|---|---|---|---|---|
| By CATEGORIES: Great Britain | % | % | % | % | % |
| Total ... ... ... ... | + 3·0 | + 4·9 | + 7·3 | + 2·4 | + 7·1 |
| Food and Perishables ... ... | + 3·0 | + 5·2 | + 8·6 | + 3·5 | + 6·5 |
| Other Merchandise of which | | | | | |
| Piece-goods* ... ... ... | − 1·7 | − 5·9 | − 0·8 | − 3·0 | + 7·4 |
| (i) Household Goods ... | − 5·4 | − 3·9 | + 1·6 | − 0·4 | + 6·6 |
| (ii) Dress Materials ... ... | + 1·6 | − 6·8 | − 3·1 | − 5·4 | + 8·3 |
| Women's Wear*... ... ... | + 0·6 | + 3·7 | + 3·5 | − 2·6 | + 8·6 |
| (i) Fashion Departments ... | + 2·1 | + 7·0 | + 3·6 | − 6·9 | + 8·2 |
| (ii) Girls' and Children's Wear | − 0·3 | + 0·4 | + 1·0 | + 2·3 | +11·2 |
| (iii) Fancy Drapery ... ... | − 0·3 | + 1·8 | + 4·2 | + 0·7 | + 8·7 |
| Men's and Boys' Wear ... ... | + 6·5 | +11·5 | + 4·9 | + 8·5 | + 9·2 |
| Boots and Shoes... ... ... | − 3·2 | + 9·3 | + 8·8 | − 1·7 | +12·8 |
| Furnishing Departments ... | +12·2 | + 2·2 | + 3·2 | + 3·4 | + 9·6 |
| Hardware ... ... ... | + 7·1 | + 2·7 | + 6·0 | + 0·1 | + 2·5 |
| Fancy Goods ... ... ... | + 2·1 | + 2·4 | + 8·7 | + 9·6 | + 1·5 |
| Sports and Travel ... ... | + 5·2 | + 8·0 | + 6·0 | + 7·5 | + 2·2 |
| Miscellaneous and Unallocated | + 1·1 | + 4·6 | + 8·0 | − 2·8 | + 8·5 |
| By AREAS— | | | | | |
| All Categories— | | | | | |
| Scotland ... ... ... | + 0·1 | + 4·0 | + 7·6 | +1·7 | + 4·0 |
| Wales and North of England... | + 2·2 | + 5·2 | + 7·2 | +3·5 (Wales, North and South of England combined) | + 7·4 (Wales, North and South of England combined) |
| South of England ... ... | + 5·3 | + 4·9 | + 8·2 | | |
| London, Central & West End | + 1·7 | + 1·8 | + 4·5 | −2·3 | + 6·5 |
| London, Suburban ... ... | + 3·9 | + 7·0 | + 8·0 | +3·4 | + 7·6 |

* Including some goods which cannot be allocated to sub-headings.

## OVERSEAS TRADE

| Date. | Imports. | | | | Exports. | | | |
|---|---|---|---|---|---|---|---|---|
| | Food. | Raw Materials. | Manufactured Goods. | Total. | Food. | Raw Materials | Manufactured Goods. | Total. |
| Monthly Average— | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. | £ mn. |
| 1929 ... ... | 44·6 | 28·3 | 27·9 | 101·7 | 4·6 | 6·6 | 47·8 | 60·8 |
| 1930 ... ... | 39·6 | 20·9 | 25·6 | 87·0 | 4·0 | 5·3 | 36·7 | 47·6 |
| 1931 ... ... | 34·7 | 14·4 | 21·8 | 71·8 | 3·0 | 3·9 | 24·3 | 32·6 |
| 1932 ... ... | 31·1 | 13·7 | 13·1 | 58·5 | 2·7 | 3·6 | 23·0 | 30·4 |
| 1933 ... ... | 28·3 | 15·0 | 12·6 | 56·3 | 2·4 | 3·8 | 23·4 | 30·6 |
| 1934 ... ... | 28·9 | 17·5 | 14·3 | 61·0 | 2·5 | 4·0 | 25·4 | 33·0 |
| 1935 ... ... | 29·6 | 17·7 | 15·4 | 63·0 | 2·6 | 4·4 | 27·4 | 35·5 |
| 1936 ... ... | 31·9 | 20·7 | 17·7 | 70·7 | 3·0 | 4·3 | 28·4 | 36·7 |
| Feb., 1936 ... ... | 27·5 | 18·9 | 15·7 | 62·3 | 2·5 | 4·1 | 27·6 | 35·1 |
| Feb., 1937 ... ... | 30·7 | 22·1 | 18·6 | 71·7 | 3·1 | 4·9 | 29·7 | 38·6 |

## SOME LEADING IMPORTS

| Date. | Wheat. | Iron Ore and Scrap. | Raw Cotton. | Raw Wool. | Hides, Wet and Dry. | Wood Pulp. | Rubber. | Iron and Steel Manufactures. |
|---|---|---|---|---|---|---|---|---|
| Monthly Average— | (thous. cwts.) | (thous. tons) | (thous. centals of 100 lbs.) | (thous. centals of 100 lbs.) | (thous. cwts.) | (thous. tons) | (thous. centals of 100 lbs.) | (thous. tons) |
| 1929 ... ... | 9,314 | 480 | 1,283 | 678 | 98 | 137 | 330 | 235 |
| 1930 ... ... | 8,731 | 363 | 1,011 | 652 | 108 | 128 | 326 | 243 |
| 1931 ... ... | 9,952 | 185 | 989 | 707 | 106 | 122 | 237 | 237 |
| 1932 ... ... | 8,803 | 159 | 1,048 | 765 | 105 | 153 | 176 | 133 |
| 1933 ... ... | 9,366 | 234 | 1,169 | 793 | 120 | 162 | 189 | 81 |
| 1934 ... ... | 8,552 | 392 | 1,052 | 657 | 116 | 187 | 395 | 114 |
| 1935 ... ... | 8,435 | 415 | 1,060 | 720 | 141 | 185 | 325 | 96 |
| 1936 ... ... | 8,401 | 587 | 1,289 | 762 | 157 | 307 | 116 | 124 |
| Feb., 1936 ... ... | 6,626 | 542 | 1,190 | 1,017 | 147 | 173 | 180 | 123 |
| Feb., 1937 ... ... | 10,025 | 536 | 1,216 | 869 | 121 | 105 | 136 | 83 |

## SOME LEADING EXPORTS

| Date. | Coal. | Iron and Steel. | Machinery. | Cotton Yarns. | Cotton Piece-Goods. | Woollen Tissues. | Worsted Tissues. | Motor Cars. |
|---|---|---|---|---|---|---|---|---|
| Monthly Average— | (thous. tons) | (thous. tons) | (thous. tons) | (mill. lbs.) | (mill. sq. yds.) | (thous. sq. yds.) | (thous. sq. yds.) | (number) |
| 1929 ... ... | 5,022 | 365 | 47 | 11·8 | 306 | 9,016 | 3,490 | 1,991 |
| 1930 ... ... | 4,573 | 263 | 40 | 11·1 | 201 | 6,587 | 2,893 | 1,602 |
| 1931 ... ... | 3,563 | 165 | 27 | 11·4 | 143 | 4,694 | 2,479 | 1,429 |
| 1932 ... ... | 3,242 | 157 | 25 | 13·9 | 183 | 4,461 | 2,358 | 2,246 |
| 1933 ... ... | 3,256 | 160 | 23 | 15·8 | 169 | 5,110 | 2,741 | 2,821 |
| 1934 ... ... | 3,305 | 188 | 28 | 10·9 | 166 | 5,745 | 2,772 | 2,904 |
| 1935 ... ... | 3,226 | 193 | 32 | 11·8 | 162 | 5,934 | 3,205 | 3,659 |
| 1936 ... ... | 2,878 | 184 | 32 | 12·6 | 160 | 6,523 | 3,304 | 4,268 |
| Feb., 1936 ... ... | 2,582 | 168 | 33 | 13·5 | 169 | 7,889 | 3,447 | 4,167 |
| Feb., 1937 ... ... | 2,610 | 200 | 31 | 12·6 | 160 | 7,475 | 3,973 | 4,401 |

**PRICES**

## 1. WHOLESALE PRICES

| Date | Index Number (Sept. 16th, 1931 = 100) | | | | |
|---|---|---|---|---|---|
| | U.K. | U.S.A. | France | Italy | Germany |
| Average 1929 ... ... | 150·9 | 139·4 | 141·3 | 146·0 | 126·1 |
| 1931 ... ... | 107·7 | 103·5 | 105·5 | 103·5 | 101·9 |
| 1932 ... ... | 103·5 | 89·3 | 92·0 | 93·1 | 88·7 |
| 1933 ... ... | 103·5 | 93·7 | 87·7 | 86·6 | 85·7 |
| 1934 ... ... | 106·4 | 111·1 | 83·1 | 84·2 | 90·4 |
| 1935 ... ... | 108·1 | 120·3 | 78·4 | — | 93·5 |
| 1936 ... ... | 116·2 | 121·4 | 90·6 | — | 95·6 |
| End Feb., 1936 ... | 112·7 | 120·7 | 85·2 | — | 95·2 |
| „ Mar., 1936 ... | 112·8 | 119·7 | 85·9 | — | 95·2 |
| „ Feb., 1937 ... | 131·5 | 131·8 | 116·8 | — | 96·2 |
| „ Mar., 1937 ... | 138·2 | 136·8 | 120·4* | — | 97·6* |

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistiche Reichsamt.
* March 20th.

## 2. RETAIL PRICES (cost of living)

| Date | Food | Rent (including Rates) | Clothing | Fuel and Light | Other Items included | All Items included |
|---|---|---|---|---|---|---|
| End of 1929 ... | 57 | 52 | 115 | 75 | 80 | 66 |
| 1931 ... | 31 | 54 | 90 | 75 | 75 | 47 |
| 1932 ... | 23 | 55 | 85 | 70–75 | 70–75 | 42 |
| 1933 ... | 24 | 56 | 85 | 70–75 | 70–75 | 42 |
| 1934 ... | 25 | 56 | 85–90 | 70–75 | 70–75 | 44 |
| 1935 ... | 31 | 58 | 85 | 75 | 70 | 47 |
| 1936 ... | 36 | 59 | 90–95 | 75–80 | 70 | 51 |
| End Feb., 1936... | 29 | 58 | 85–90 | 75 | 70 | 46 |
| „ Jan., 1937... | 35 | 59 | 95 | 75–80 | 70–75 | 51 |
| „ Feb., 1937... | 35 | 59 | 95 | 75–80 | 70–75 | 51 |

The figures represent the percentage increase above July, 1914, which is equal to 100.

## 3. COMMODITY PRICES (average for month)

| Date | Wheat No. 1 N. Manitoba. | Sugar Centrifugals U.K. | Cotton American Middling. | Wool 64's tops avge. | Pig-Iron, Cleveland No. 3. | Tin, Standard Cash. | Rubber Plantation, Sheet. |
|---|---|---|---|---|---|---|---|
| | per qr. s. d. | per cwt. s. d. | per lb. d. | per lb. d. | per ton. s. d. | per ton. £ | per lb. d. |
| Average 1929 ... | 54 0$\frac{3}{4}$ | 9 0$\frac{1}{2}$ | 10·29 | 38$\frac{7}{8}$ | 70 4$\frac{1}{2}$ | 203$\frac{15}{16}$ | 10$\frac{1}{4}$ |
| 1931 ... | 28 2$\frac{3}{4}$ | 6 4$\frac{3}{4}$ | 5·08 | 23$\frac{1}{16}$ | 58 7 | 118$\frac{1}{8}$ | 3$\frac{1}{8}$ |
| 1932 ... | 30 6$\frac{1}{4}$ | 5 9$\frac{1}{2}$ | 5·29 | 22$\frac{1}{16}$ | 58 6 | 136$\frac{3}{32}$ | 2$\frac{5}{16}$ |
| 1933 ... | 28 2 | 5 4 | 5·53 | 28$\frac{5}{16}$ | 62 3 | 194$\frac{13}{16}$ | 3$\frac{1}{4}$ |
| 1934 ... | 30 11 | 4 8$\frac{1}{2}$ | 5·66 | 30$\frac{31}{32}$ | 66 10$\frac{1}{2}$ | 230 | 6$\frac{3}{16}$ |
| 1935 ... | 34 3$\frac{1}{2}$ | 4 8 | 6·69 | 28 | 67 10 | 225$\frac{19}{32}$ | 5$\frac{31}{32}$ |
| 1936 ... | 38 0 | 4 8$\frac{3}{4}$ | 6·67 | 32$\frac{13}{16}$ | 73 0 | 204$\frac{13}{16}$ | 7$\frac{23}{32}$ |
| Feb., 1936 ... | 34 7$\frac{1}{2}$ | 4 8$\frac{3}{4}$ | 6·12 | 32$\frac{1}{2}$ | 70 0 | 207$\frac{1}{4}$ | 7$\frac{7}{32}$ |
| Jan., 1937 ... | 52 0 | 5 10$\frac{1}{2}$ | 7·15 | 37$\frac{11}{16}$ | 81 0 | 230$\frac{23}{32}$ | 10$\frac{7}{16}$ |
| Feb., 1937 ... | 51 6$\frac{3}{4}$ | 6 2$\frac{1}{2}$ | 7·28 | 35$\frac{13}{16}$ | 81 0 | 232$\frac{5}{32}$ | 10$\frac{13}{16}$ |

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